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Government  
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Government  
of Canada

Gouvernement  
du Canada

*Prepared by the*  
**Receiver General for Canada**


# Public accounts of Canada

1988

## Volume I

### Summary Report and Financial Statements



Canada 





Government  
of Canada

Gouvernement  
du Canada

*Prepared by the*  
**Receiver General for Canada**

# public accounts of canada

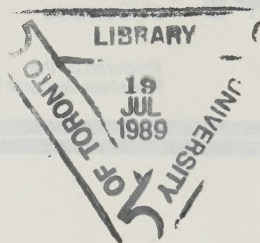
1988

## Volume I

### Summary Report and Financial Statements

Canada





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*To Her Excellency*

The Right Honourable Jeanne Sauv ,  
P.C., C.C., C.M.M., C.D.,  
*Governor General and  
Commander-in-Chief of Canada.*

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 1988.

All of which is respectfully submitted.

Pat Carney,  
*President of the Treasury Board.*

OTTAWA, SEPTEMBER 15, 1988

*To The Honourable Pat Carney,  
President of the Treasury Board.*

In accordance with the provisions of Section 55(1) of the Financial Administration Act, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 1988, to be laid by you before the House of Commons.

Respectfully submitted,

Otto Jelinek,  
*Receiver General for Canada.*

OTTAWA, SEPTEMBER 15, 1988

*To The Honourable Otto Jelinek,  
Receiver General for Canada.*

Sir:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 1988.

Under Section 55(1) of the Financial Administration Act, the Public Accounts for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I—A financial overview and a nine-year summary of the Government's financial transactions; the financial statements of Canada on which the Auditor General has expressed an opinion, namely, the statements of transactions, of revenue and expenditure and accumulated deficit, of the assets and liabilities of Canada and of the use of appropriations, together with related notes; analyses of Estimates and appropriations; analyses of budgetary revenue and expenditure, and of asset and liability accounts; and various other statements.

Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

Volume III—Contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.

The audited financial statements, contained in Volume I, are for the year ended March 31, 1988. They are, however, dated August 15, to allow for the closing and audit of accounts.

Respectfully submitted,

Georgina Wyman,  
*Deputy Receiver General for Canada.*

OTTAWA, SEPTEMBER 15, 1988





# VOLUME 1

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# INTRODUCTION TO THE PUBLIC ACCOUNTS

## Nature of the Public Accounts

The Public Accounts is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by Section 55 of the Financial Administration Act.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

## Format of the Public Accounts

The Public Accounts is produced in three volumes.

**Volume I** presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: financial overview and a nine-year summary of the Government's financial transactions;

SECTION 2: audited financial statements of the Government of Canada, prepared in accordance with Section 55 of the Financial Administration Act;

SECTION 3: review of budgetary revenue;

SECTION 4: review of Estimates and appropriations;

SECTION 5: review of budgetary expenditure;

SECTION 6: analysis of consolidated specified purpose accounts;

SECTION 7: analysis of loans, investments and advances;

SECTION 8: analysis of specified purpose accounts;

SECTION 9: analysis of other liabilities;

SECTION 10: analysis of foreign exchange accounts;

SECTION 11: analysis of unmatured debt; and,

SECTION 12: analysis of other information related to the financial statements.

**Volume II** is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

### (a) PART I

**Part I** is designed to reflect as closely as possible the form and content of Part II of the Main Estimates. Most tables and statements in **Part I** display the source and disposition of spending authorities. The content of **Part I** is summarized as follows:

#### (i) *Summary Tables (Section 1)*

Section 1 includes tables which provide summaries of the financial operations contained in the ministerial sections. It also includes, as appendices, the full wording of all authorities granted in current year Appropriation Acts, of all authorities granted by statutes other than Appropriation Acts, of all non-lapsing authorities granted in the current year, and of all authorities available from previous years.

#### (ii) *Ministerial Sections (Sections 2 to 29)*

There is one section for each ministry. The programs for the departments and agencies for which a Minister is responsible to Parliament are grouped together to provide a total ministry presentation. Each ministerial section provides a statement of program objectives and activity descriptions. Each ministerial section also includes, where applicable, a uniform set of statements to present each ministry's financial operations. These statements are:

- *Ministry Summary*

This statement displays by program the source and disposition of each budgetary and non-budgetary authority granted by Parliament in Appropriation Acts and other statutes.

- *Programs by Activity*

This statement displays by program the source and disposition of authorities for each activity under each type of expenditure (operating, capital, transfer payments and non-budgetary).

- *Transfer Payments*

This statement displays by program the source and disposition of authorities for each transfer payment.

- *Details of Amounts Credited to the Vote*

This statement displays by program the nature of revenues and receipts which increase the amounts which may be spent from appropriations having net voting authority.

- *Revenue*

This statement displays by program the nature of revenue collected for each main classification of revenue.

(b) **PART II**

**Part II** presents additional information and analyses. The content of **Part II** is summarized as follows:

- financial statements of revolving funds (Section 1);
- financial statements of departmental corporations and other entities (Section 2);

- supplementary information required by the Financial Administration Act (Section 3);
- accounts receivable (Section 4);
- professional and special services (Section 5);
- construction and acquisition of land, buildings, works, machinery and equipment (Section 6);
- transfer payments (Section 7);
- public debt charges (Section 8);
- payments of damage claims, ex gratia payments, Federal Court awards and nugatory payments (Section 9);
- federal-provincial shared-cost programs (Section 10);
- other Government-wide information (Section 11); and,
- other miscellaneous information (Section 12).

**Volume III** contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.





# SECTION 1

**1987-88**

**PUBLIC ACCOUNTS**

## **Financial Overview and Supplementary Financial Information**

### **CONTENTS**

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INTRODUCTION

This section provides an overview of the financial operations of the Government of Canada. The financial transactions of the Government are set out in summary form, with comparative figures for the previous eight years. The financial transactions are presented in accordance with the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume.

The statements reflect the accounting basis introduced in the February 1986 Budget whereby the transactions of certain specified purpose and other accounts are reported as part of

budgetary transactions rather than non-budgetary transactions. These include the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts, the Canadian Ownership Account, the Oil Export Charges Revenue Sharing Account, and other specified purpose accounts. In addition, the profits of the Exchange Fund Account are recorded on a current basis, loans to developing countries are recorded as a budgetary expenditure, and revenue and expenditure are reported net of transactions internal to the Government.

1987-88 -- THE YEAR IN RETROSPECT

This part provides an overview of the Government's financial operations. More details are provided under "Supplementary Financial Information" in this section and in the remainder of this volume.

The Deficit and the Net Debt

The deficit for fiscal year 1987-88 was \$28,083 million, a decline of \$2,522 million from the 1986-87 deficit of \$30,605 million and a decline of \$10,241 million from the peak recorded in 1984-85. This represents the third consecutive year in which the deficit has declined. The year-over-year reduction in the deficit reflects the continued strength in the Canadian economy and the impact of certain fiscal and cash management initiatives introduced in past budgets. As a percentage of Gross Domestic Product, the deficit declined from 8.6% in 1984-85 to 5.1% 1987-88.

The 1987-88 reduction in the deficit has resulted in a continuation of the slowing down in the rate of growth of the accumulated deficit or net debt. As of March 31, 1988, the net debt was \$292,184 million or 10.6% above the March 31, 1987 level of \$264,101 million. This compares to increases of 13.1% and 17.3% in 1986-87 and 1985-86, respectively, and is less than one half the rate of growth experienced in 1984-85.

Table 1.1 sets out the deficit and net debt over the last nine fiscal years, both in absolute terms and as a percentage of Gross Domestic Product for the calendar year ending in those fiscal years.

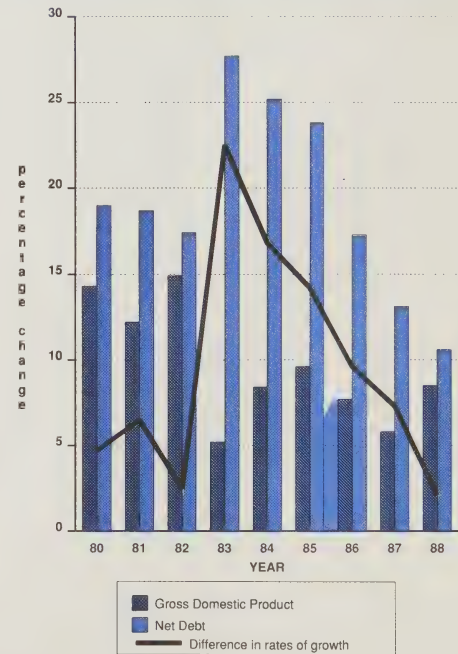
TABLE 1.1

DEFICIT AND NET DEBT  
(in millions of dollars)

Year ended March 31	Budgetary deficit	% of Gross Domestic Product	Net debt	% of Gross Domestic Product
1980 . . . . .	11,501	4.2	72,159	26.1
1981 . . . . .	13,522	4.4	85,681	27.6
1982 . . . . .	14,872	4.2	100,553	28.2
1983 . . . . .	27,816	7.4	128,369	34.3
1984 . . . . .	32,399	8.0	160,768	39.6
1985 . . . . .	38,324	8.6	199,092	44.8
1986 . . . . .	34,404	7.2	233,496	48.8
1987 . . . . .	30,605	6.0	264,101	52.1
1988 . . . . .	28,083	5.1	292,184	53.2

Chart A compares the rate of growth of net debt with the rate of growth of Gross Domestic Product for the last nine fiscal years.

CHART A  
GROSS DOMESTIC PRODUCT AND NET DEBT





## Factors Affecting the Deficit

The improvement in the deficit in 1987-88 largely reflects the continuing strength in the economy, which has resulted in increased revenues and has served to restrain the growth in expenditures. In addition, the ongoing impact of the expenditure reduction initiatives put in place since November 1984, coupled with certain cash management initiatives which became effective in 1987-88 and revenue measures designed to ensure that revenue growth restore the yield from the tax system, also contributed to the decline in the deficit outcome for 1987-88. However, offsetting some of the impact of these developments on the deficit has been the continuing adverse effect of low grain prices on farm incomes, which has resulted in increased payments under the various farm income stabilization programs and in additional assistance under the Special Canadian Grains program.

Budgetary revenue increased by 13.6% in 1987-88 to \$97,452 million. Underlying this increase in revenue was the continuing strength in economic activity throughout 1987-88, the impact of the acceleration of source deductions by large employers, timing of the processing of personal income tax refund cheques and the proceeds from the sale of Teleglobe Canada. The largest component of budgetary revenue, personal income tax, accounted for about 62% of the total increase in revenue. Strong advances in employment, coupled with a slower pace of personal income tax refunds and the impact of the source acceleration initiative were the major factors contributing to the growth in personal income tax revenue. It is estimated that the acceleration of remittances of source deductions from large employers amounted to a one-time gain of \$1.2 billion. This initiative, which affected large employers only, had no effect on an individual's personal income tax liability. Strong advances in consumption, partially offset by the effect of tariff rate reductions as specified under the 1979 Multilateral Trade Negotiations Agreement, reductions in the quarterly indexation factor on the sales tax rate for gasoline and diesel fuel and the elimination of the Petroleum and Gas Revenue Tax underlie the growth in sales and excise tax revenue. Although corporate profits were up substantially, the application of unused losses and deductions restrained the growth in corporation income tax collections to only 10%. Unemployment insurance contributions reflected the impact of the strong advances in employment and the source acceleration initiative, as premium rates remained unchanged from their 1986 levels. The increase in non-tax revenue primarily reflects the capital gain on the sale of Teleglobe Canada.

On the expenditure side, program spending increased by 7.6% while public debt charges increased by 8.9%, resulting in an overall increase in total budgetary expenditure of 7.9%, the largest year-over-year increase since 1984-85. Most of the increase in program spending was concentrated in a few selected areas: social assistance programs, agricultural stabilization programs, fiscal transfers, defence and foreign aid. Most of the increase in the social assistance program was in job creation and training programs and old age security benefits, reflecting the impact of inflation on the indexation formula. The international grain price dispute between the United States and the European Economic Community and its resulting impact on international grain prices has triggered large payouts under the Western Grain Stabilization Act, while the increase in foreign assistance reflects Canada's commitment to maintain Official Development Assistance contributions at 0.5% of Gross National Product. Spending on the other components of Government expenditure remained restrained, reflecting the strength in the economy as well as Government initiatives for cost reductions through better management and the streamlining of selected program expenditures. The increase in public debt charges largely reflected an increase in this debt and the impact of higher interest rates.

Table 1.2 sets out movements in revenue, expenditure and the deficit over the last nine fiscal years.

TABLE 1.2

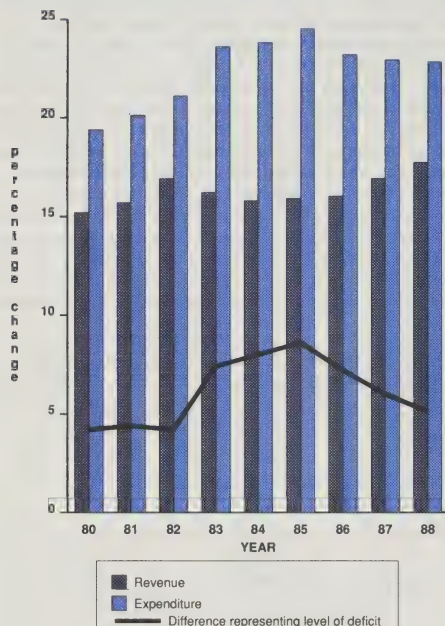
### REVENUE, EXPENDITURE AND THE DEFICIT (in millions of dollars)

Year ended March 31	Revenue	% change over preceding year	Expenditure	% change over preceding year	Deficit
1980 . . . . .	41,921	13.7	53,422	8.0	11,501
1981 . . . . .	48,775	16.3	62,297	16.6	13,522
1982 . . . . .	60,001	23.0	74,873	20.2	14,872
1983 . . . . .	60,705	1.2	88,521	18.2	27,816
1984 . . . . .	64,216	5.8	96,615	9.1	32,399
1985 . . . . .	70,898	10.4	109,222	13.0	38,324
1986 . . . . .	76,833	8.4	111,237	1.8	34,404
1987 . . . . .	85,784	11.7	116,389	4.6	30,605
1988 . . . . .	97,452	13.6	125,535	7.9	28,083

Chart B compares the levels of revenue and expenditure expressed as percentages of Gross Domestic Product over the last nine fiscal years and shows the trend in the deficit over that period.

### CHART B

#### REVENUE AND EXPENDITURE AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT



As a result of the \$2,522 million reduction in the deficit and a \$892 million increase in net receipts from non-budgetary transactions, financial requirements excluding foreign exchange transactions were lower by \$3,414 million in 1987-88, at \$18,153 million. In addition, there were \$7,149 million of requirements for 1987-88 foreign exchange transactions, bringing total 1987-88 financial requirements to \$25,302 million. These requirements were financed by a \$22,217 million increase in unmatured debt transactions, and a \$3,085 million running down of cash balances.

Table 1.3 sets out the financial requirements over the last nine fiscal years, while Table 1.4 sets out non-budgetary transactions for the same period.

TABLE 1.3

#### FINANCIAL REQUIREMENTS (in millions of dollars)

Year ended March 31	Budgetary deficit	Non- budgetary transactions	Financial requirements		
			Excluding foreign exchange transactions	Foreign exchange transactions	Including foreign exchange transactions
1980	-11,501	1,369	-10,132	-443	-10,575
1981	-13,522	3,628	-9,894	927	-8,967
1982	-14,872	5,626	-9,246	558	-8,688
1983	-27,816	4,014	-23,802	-640	-24,442
1984	-32,399	7,198	-25,201	414	-24,787
1985	-38,324	8,516	-29,808	2,423	-27,385
1986	-34,404	4,134	-30,270	5,626	-24,644
1987	-30,605	9,038	-21,567	-6,390	-27,957
1988	-28,083	9,930	-18,153	-7,149	-25,302

Source/requirement (-)

TABLE 1.4

#### NON-BUDGETARY TRANSACTIONS (in millions of dollars)

Year ended March 31	Loans, investments and advances	Specified purpose accounts	Other non-budgetary transactions	Total non-budgetary transactions
1980	-1,086	2,289	166	1,369
1981	-169	3,254	543	3,628
1982	-1,506	4,063	3,069	5,626
1983	-502	2,817	1,699	4,014
1984	-464	4,591	3,071	7,198
1985	709	5,124	2,683	8,516
1986	41	5,438	-1,345	4,134
1987	1,386	6,696	956	9,038
1988	1,509	7,482	939	9,930

Source/requirement (-)

### Factors Affecting Financial Requirements

The Government's net financial requirements reflect not only the difference between budgetary revenue and expenditure, but also non-budgetary transactions. Non-budgetary transactions provided the Government with a source of funds amounting to \$9,930 million in 1987-88, up \$892 million from that provided in 1986-87. The source of the 1987-88 funds includes \$1,509 million from loans, investments and advances, \$7,482 million from specified purpose accounts and \$939 million from other non-budgetary transactions.

## SUPPLEMENTARY FINANCIAL INFORMATION

This part provides a nine year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

## Public Accounts Presentation

The "Summary Statement of Transactions" (Table 1.5) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

**TABLE 1.5**  
GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
SUMMARY STATEMENT OF TRANSACTIONS<sup>(1)</sup>  
(in millions of dollars)

	Year ended March 31								
	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>I. Budgetary transactions</b>									
A. Revenue, Table 1.6	41,921	48,775	60,001	60,705	64,216	70,898	76,833	85,784	97,452
B. Expenditure, Table 1.7	-53,422	-62,297	-74,873	-88,521	-96,615	-109,222	-111,237	-116,389	-125,535
Deficit	-11,501	-13,522	-14,872	-27,816	-32,399	-38,324	-34,404	-30,605	-28,083
<b>II. Non-budgetary transactions, Table 1.9</b>									
A. Loans, investments and advances	-1,086	-169	-1,506	-502	-464	709	41	1,386	1,509
B. Specified purpose accounts	2,289	3,254	4,063	2,817	4,591	5,124	5,438	6,696	7,482
C. Other transactions	166	543	3,069	1,699	3,071	2,683	-1,345	956	939
Net source	1,369	3,628	5,626	4,014	7,198	8,516	4,134	9,038	9,930
Financial requirements (excluding foreign exchange transactions)	-10,132	-9,894	-9,246	-23,802	-25,201	-29,808	-30,270	-21,567	-18,153
<b>III. Foreign exchange transactions<sup>(2)</sup>, Table 1.10</b>									
Total financial requirements <sup>(3)</sup>	-443	927	558	-640	414	2,423	5,626	-6,390	-7,149
<b>IV. Unmatured debt transactions<sup>(2)</sup>, Table 1.10</b>									
Change in cash <sup>(4)</sup>	-10,575	-8,967	-8,688	-24,442	-24,787	-27,385	-24,644	-27,957	-25,302
	7,880	11,160	9,377	22,401	26,620	26,831	23,530	27,831	22,217
	-2,695	2,193	689	-2,041	1,833	-554	-1,114	-126	-3,085
<b>V. Cash balance at end of year, Table 1.10</b>	3,738	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533

Details can be found in other sections of this volume.

<sup>(1)</sup> Consistent with the Statement of Transactions in Section 2 of this volume.

<sup>(2)</sup> The change in unmatured debt payable in foreign currencies, -\$715 million in 1987-88 (-\$1,800 million in 1986-87), has been included as part of foreign exchange transactions.

<sup>(3)</sup> Cash requirements (-)

<sup>(4)</sup> Cash decrease (-)

TABLE 1.6

GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
DETAILED STATEMENT OF REVENUE TRANSACTIONS  
(in millions of dollars)

	Year ended March 31								
	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>I. Budgetary transactions</b>									
<b>A. REVENUE, Section 3</b>									
Tax revenue--									
Income tax--									
Personal .....	16,808	19,837	24,046	26,330	26,967	29,254	33,008	37,878	45,125
Corporation .....	6,951	8,106	8,118	7,139	7,286	9,379	9,210	9,885	10,878
Unemployment insurance contributions .....	2,778	3,303	4,753	4,900	7,259	7,553	8,719	9,558	10,425
Non-resident .....	787	867	1,018	998	908	1,021	1,053	1,355	1,162
	27,324	32,113	37,935	39,367	42,420	47,207	51,990	58,676	67,590
Excise taxes and duties--									
Sales tax .....	4,651	5,355	6,148	5,842	6,561	7,592	9,345	11,972	12,927
Customs import duties .....	2,996	3,185	3,435	2,828	3,376	3,794	3,971	4,187	4,385
Excise duties .....	895	1,042	1,175	1,274	1,356	1,462	1,473	1,470	1,459
Other .....	502	570	564	685	754	850	1,354	1,455	1,567
	9,044	10,152	11,322	10,629	12,047	13,698	16,143	19,084	20,338
Energy taxes--									
Excise tax--Gasoline .....	421	453	436	408	386	404	729	1,279	2,286
Petroleum and gas revenue tax .....		27	864	1,960	2,106	2,563	2,037	473	-75
Excise tax--Aviation gas and diesel fuel .....							41	213	385
Natural gas and gas liquids tax .....		187	998	1,264	524	-15	-15	1	
Oil export charges .....	750	842	964	626	347	677	327		1
Special petroleum compensation charge .....			473						
Canadian Ownership special charge .....			786	889	805	850	229	-1	6
	1,171	1,509	4,521	5,147	4,168	4,479	3,348	1,965	2,603
	10,215	11,661	15,843	15,776	16,215	18,177	19,491	21,049	22,941
Other tax revenue .....	96	99	120	132	126	107	126	144	207
Total tax revenue .....	37,635	43,873	53,898	55,275	58,761	65,491	71,607	79,869	90,738
Non-tax revenue--									
Return on investments--									
Bank of Canada .....	1,084	1,459	1,853	1,879	1,744	1,852	1,880	1,936	1,844
Canada Mortgage and Housing Corporation .....	782	839	873	892	941	913	892	866	853
Farm Credit Corporation .....	210	243	285	346	408	452	403	372	324
Exchange Fund Account .....	719	850	711	435	345	224	-505	366	752
Interest on bank deposits .....	244	318	701	433	395	243	278	219	279
Other return on investments .....	607	606	641	631	539	568	791	475	496
	3,646	4,315	5,064	4,616	4,372	4,252	3,739	4,234	4,548
Other non-tax revenue .....	640	587	1,039	814	1,083	1,155	1,487	1,681	2,166
Total non-tax revenue .....	4,286	4,902	6,103	5,430	5,455	5,407	5,226	5,915	6,714
Total net revenue .....	41,921	48,775	60,001	60,705	64,216	70,898	76,833	85,784	97,452



TABLE 1.7

GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS  
(in millions of dollars)

	Year ended March 31								
	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>I. Budgetary transactions</b>									
<b>B. EXPENDITURE, Section 5</b>									
Social development--									
Old age security benefits, guaranteed income supplements and spouses' allowances .....	6,320	7,418	8,585	9,643	10,406	11,418	12,525	13,445	14,349
Unemployment insurance benefits .....	3,922	4,524	5,446	9,823	9,782	10,052	10,036	10,444	10,487
Established programs financing--									
Insurance and medical care services .....	3,858	3,982	4,283	4,060	5,564	6,330	6,400	6,607	6,558
Education support .....	1,515	1,600	1,628	1,532	2,065	2,265	2,277	2,232	2,242
Canada Assistance Plan .....	1,653	1,941	2,298	2,832	3,288	3,745	3,916	4,051	4,246
Family allowances .....	1,725	1,851	2,020	2,231	2,326	2,418	2,501	2,534	2,564
Justice and legal .....	1,063	1,197	1,357	1,506	1,697	1,863	2,016	2,177	2,318
Social assistance--Indians and Inuit .....	870	1,015	1,202	1,664	1,786	1,985	1,951	2,238	2,330
Direct job creation and training .....	1,213	1,096	1,164	1,384	1,799	2,053	1,795	1,939	1,929
Veterans benefits .....	933	1,006	1,140	1,283	1,387	1,458	1,535	1,586	1,609
Housing .....	896	1,058	943	1,853	1,598	1,657	1,429	1,454	1,885
Television, film and radio .....	569	844	741	822	913	1,034	1,023	1,025	1,097
Other .....	1,707	2,420	2,985	3,691	4,025	4,261	4,415	4,838	5,022
	26,244	29,952	33,792	42,324	46,636	50,539	51,819	54,570	56,636
Economic and regional development .....	7,033	8,761	9,801	11,577	12,064	14,851	11,821	11,792	14,232
Defence .....	4,377	5,063	5,989	6,938	7,843	8,762	9,094	9,993	10,769
Fiscal arrangements .....	3,455	3,944	4,750	5,597	5,977	5,985	5,941	6,302	7,007
Services to Government .....	2,327	2,332	3,460	2,963	3,465	3,788	4,433	3,975	4,194
External affairs and aid .....	1,392	1,457	1,814	2,050	2,373	2,646	2,490	2,892	3,438
Parliament .....	100	130	153	169	180	196	198	207	231
Total program expenditure .....	44,928	51,639	59,759	71,618	78,538	86,767	85,796	89,731	96,507
Public debt .....	8,494	10,658	15,114	16,903	18,077	22,455	25,441	26,658	29,028
Total net expenditure .....	53,422	62,297	74,873	88,521	96,615	109,222	111,237	116,389	125,535

TABLE 1.8

GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
COMPARATIVE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES  
(in millions of dollars)

	Year ended March 31								
	1980	1981	1982	1983	1984	1985	1986	1987	1988
FINANCIAL ASSETS									
LOANS, INVESTMENTS AND ADVANCES									
Crown corporations .....	23,283	22,962	24,709	26,551	26,962	26,222	26,310	25,355	23,849
Less: allowance for valuation .....	2,093	2,093	2,237	3,760	3,700	3,800	3,700	3,800	3,400
	21,190	20,869	22,472	22,791	23,262	22,422	22,610	21,555	20,449
Other .....	7,209	7,323	7,726	8,302	8,864	9,594	9,765	9,334	9,031
Less: allowance for valuation .....	3,915	3,539	4,039	4,432	5,001	5,600	6,000	5,900	6,000
	3,294	3,784	3,687	3,870	3,863	3,994	3,765	3,434	3,031
Total Net Loans, Investments and Advances .....	24,484	24,653	26,159	26,661	27,125	26,416	26,375	24,989	23,480
FOREIGN EXCHANGE ACCOUNTS									
International reserves held in the Exchange Fund Account ..	3,871	2,838	3,023	4,636	3,623	4,211	3,459	8,212	14,779
International Monetary Fund--Subscriptions .....	2,031	2,961	2,780	2,716	3,995	3,985	4,670	4,936	5,038
Less: International Monetary Fund--Notes payable and Special Drawing Rights allocations .....	2,573	3,463	3,391	3,323	4,302	4,332	5,151	5,580	5,815
Total Net Foreign Exchange Accounts .....	3,329	2,336	2,412	4,029	3,316	3,864	2,978	7,568	14,002
CASH IN TRANSIT .....	1,152	1,845	1,829	2,565	1,876	1,882	1,693	1,468	2,322
CASH .....	3,738	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533
TOTAL FINANCIAL ASSETS .....	32,703	34,765	37,020	37,834	38,729	38,020	35,790	38,643	41,337
ACCUMULATED DEFICIT .....	72,159	85,681	100,553	128,369	160,768	199,092	233,496	264,101	292,184
TOTAL .....	104,862	120,446	137,573	166,203	199,497	237,112	269,286	302,744	333,521
LIABILITIES									
SPECIFIED PURPOSE ACCOUNTS									
Canada Pension Plan Account(net) .....	836	1,009	1,179	1,344	1,496	1,707	2,218	3,774	4,776
Superannuation accounts(net) .....	20,022	22,329	25,343	28,826	32,688	36,990	41,670	46,665	52,088
Government Annuities Account .....	1,208	1,193	1,172	1,150	1,124	1,095	1,060	1,024	987
Deposit and trust accounts .....	422	454	1,363	890	1,154	1,413	1,826	1,841	1,796
Provincial tax collection agreements account .....	743	1,471	1,415	1,031	1,308	1,617	1,390	1,447	2,497
Other .....	291	320	367	415	477	549	645	754	843
Total Specified Purpose Accounts .....	23,522	26,776	30,839	33,656	38,247	43,371	48,809	55,505	62,987
OTHER LIABILITIES .....	9,432	10,668	13,721	16,156	18,538	21,227	19,693	20,424	22,217
UNMATURED DEBT									
Payable in Canadian currency .....	67,068	78,228	87,605	110,006	136,626	163,457	186,987	214,818	237,035
Payable in foreign currencies .....	4,840	4,774	5,408	6,385	6,086	9,057	13,797	11,997	11,282
Total Unmatured Debt .....	71,908	83,002	93,013	116,391	142,712	172,514	200,784	226,815	248,317
TOTAL .....	104,862	120,446	137,573	166,203	199,497	237,112	269,286	302,744	333,521

TABLE 1.9

GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS  
(in millions of dollars)

	Year ended March 31								
	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>II. Non-budgetary transactions</b>									
<b>A. LOANS, INVESTMENTS AND ADVANCES,</b>									
Section 7									
Crown corporations--									
Lending institutions--									
Canada Deposit Insurance Corporation .....			-200	60	140	-40	-895	-268	-131
Canada Mortgage and Housing Corporation .....	-366	-66	-199	-30	194	364	195	254	234
Export Development Corporation .....	-44	19	52	-40	-5	39	64	49	55
Farm Credit Corporation .....	-307	-270	-348	-394	-379	172	214	591	-179
Federal Business Development Bank .....	-245	101	125	145	172	157	119	93	51
	-962	-216	-570	-259	122	692	-303	719	30
All other Crown corporations--									
Air Canada .....	16	13	14	16	17	18	32	20	23
Atomic Energy of Canada Limited .....	-216	697	8	3	37	38	67	19	20
Canada Development Investment Corporation .....				-308	5	18			
Canadian National Railway Company .....	-108	-8		-41	-62	2	9	352	29
Petro-Canada .....	-80	-440	-840	-1,354	-660				
Other .....	15	275	-359	101	130	-28	107	-186	1,404
	-373	537	-1,177	-1,583	-533	48	215	205	1,476
Allowance for valuation of assets .....			144	1,523	-60	100	-100	100	-400
	-1,335	321	-1,603	-319	-471	840	-188	1,024	1,106
Other loans, investments and advances--									
Provincial and territorial governments .....	44	247	28	-41	35	67	110	89	37
National governments including developing countries ..	-185	-204	-276	-273	-167	-172	-142	124	81
International organizations (subscriptions less notes) ..	-134	-110	-166	-213	-335	-378	-220	46	15
Veteran's Land Act Fund advances less allowance .....	43	37	29	28	31	32	31	26	24
Joint and mixed enterprises .....	-43	-65	-6	-58	-10	-111	-93	217	296
Miscellaneous .....	-29	-19	-12	-19	-116	-168	143	-40	-150
	-304	-114	-403	-576	-562	-730	-171	462	303
Allowance for valuation of assets .....	553	-376	500	393	569	599	400	-100	100
	249	-490	97	-183	7	-131	229	362	403
Total loans, investments and advances after allowance for valuation of assets .....	-1,086	-169	-1,506	-502	-464	709	41	1,386	1,509
<b>B. SPECIFIED PURPOSE ACCOUNTS, Section 8</b>									
Liability accounts--									
Canada Pension Plan Account .....	113	173	170	165	152	211	511	1,556	1,002
Superannuation accounts .....	1,966	2,307	3,014	3,483	3,862	4,302	4,680	4,995	5,423
Government Annuities Account .....	-14	-15	-21	-22	-26	-29	-35	-36	-37
Deposit and trust accounts .....	78	32	909	-473	264	259	413	14	-45
Provincial tax collection agreements account .....	118	728	-56	-384	277	309	-227	57	1,050
Other .....	28	29	47	48	62	72	96	110	89
Total specified purpose accounts .....	2,289	3,254	4,063	2,817	4,591	5,124	5,438	6,696	7,482
<b>C. OTHER TRANSACTIONS, Sections 9 and 12</b>									
Cash in transit .....	-130	-693	16	-736	689	-6	189	225	-854
Other liabilities .....	296	1,236	3,053	2,435	2,382	2,689	-1,534	731	1,793
Total other transactions .....	166	543	3,069	1,699	3,071	2,683	-1,345	956	939
Net non-budgetary transactions after allowance for valuation of assets .....	1,369	3,628	5,626	4,014	7,198	8,516	4,134	9,038	9,930
<b>Summary--</b>									
Net non-budgetary transactions before allowance for valuation of assets .....	816	4,004	4,982	2,098	6,689	7,817	3,834	9,038	10,230
Allowance for valuation of assets .....	553	-376	644	1,916	509	699	300		-300
Net non-budgetary transactions after allowance for valuation of assets .....	1,369	3,628	5,626	4,014	7,198	8,516	4,134	9,038	9,930

Source/requirement (-)

TABLE 1.10

## GOVERNMENT OF CANADA

## PUBLIC ACCOUNTS PRESENTATION

DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS  
(in millions of dollars)

	Year ended March 31								
	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>III. Foreign exchange transactions, Section 10</b>									
International reserves held in the Exchange Fund Account .....	1,828	1,033	-185	-1,613	1,013	-588	752	-4,753	-6,567
International Monetary Fund--Subscriptions .....	-7	-930	181	64	-1,279	10	-685	-266	-102
	1,821	103	-4	-1,549	-266	-578	67	-5,019	-6,669
Less: International Monetary Fund--Notes payable .....	-39	-715	2	44	-961	-32	-637	-359	-208
Special Drawing Rights allocations .....	-213	-175	70	24	-18	2	-182	-70	-27
	-252	-890	72	68	-979	-30	-819	-429	-235
Unmatured debt transactions payable in foreign currencies .....	-2,516	-66	634	977	-299	2,971	4,740	-1,800	-715
Total foreign exchange transactions .....	-443	927	558	-640	414	2,423	5,626	-6,390	-7,149
<b>IV. Unmatured debt transactions, Section 11</b>									
Marketable bonds .....	6,417	7,834	3,000	4,989	7,281	12,379	15,584	13,337	9,928
Canada savings bonds .....	-1,166	-2,269	9,166	7,663	5,563	3,756	2,285	64	9,014
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund .....	17	23	18	17	18	16	240	1,351	696
Treasury bills .....	2,790	5,445	-2,395	9,750	12,575	10,600	9,650	15,000	4,100
Notes and loans .....	-2,528	-5	268	863	1,085	2,987	861	-2,823	-1,171
Canada bills .....	5,530	11,028	10,057	23,282	26,522	29,738	28,620	27,974	22,567
Less: Government's holdings of unmatured debt--									
Marketable bonds .....	145	-83	14	-110	172	-122	137	-175	141
Canada savings bonds held on account of employees .....	4	-6	14	-3	11	42	-27	36	11
Canada savings bonds held on account of the Payroll Savings Plan .....								731	217
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund .....	17	23	18	17	18	16	240	1,351	696
Unmatured debt transactions payable in foreign currency .....	-2,516	-66	634	977	-299	2,971	4,740	-1,800	-715
	-2,350	-132	680	881	-98	2,907	5,090	143	350
Total ununmatured debt transactions payable in Canadian currency .....	7,880	11,160	9,377	22,401	26,620	26,831	23,530	27,831	22,217
<b>V. Cash balance at end of year, Section 12</b>									
In Canadian currency .....	3,661	5,826	6,541	4,193	6,329	5,779	4,566	4,479	1,381
In foreign currencies .....	77	105	79	386	83	79	178	139	152
Total cash balance .....	3,738	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533

Source/requirement (-)



**TABLE 1.11**  
**GOVERNMENT OF CANADA**  
**PUBLIC ACCOUNTS PRESENTATION**  
**DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS**  
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	
CANADA PENSION PLAN ACCOUNT										
Receipts--										
Employer and employee contributions .....	2,367	2,689	3,282	3,446	3,716	3,879	4,495	4,976	5,583	
Investment income .....	1,289	1,519	1,850	2,236	2,534	2,889	3,162	3,404	3,669	
Disbursements--										
Pensions .....	-1,635	-2,011	-2,456	-3,036	-3,657	-4,224	-4,887	-5,722	-7,329	
Administration expenses .....	-58	-67	-76	-85	-89	-100	-111	-140	-135	
Net .....	1,963	2,130	2,600	2,561	2,504	2,444	2,659	2,518	1,788	
Investments--Provincial and territorial government securities in Investment Fund .....										
	-1,850	-1,957	-2,430	-2,396	-2,352	-2,233	-2,148	-962	-786	
Total (net) Canada Pension Plan Account .....	113	173	170	165	152	211	511	1,556	1,002	
SUPERANNUATION ACCOUNTS										
Public Service Superannuation Account--										
Receipts--										
Government contribution .....	272	288	321	339	349	373	391	398	427	
Employee contributions .....	282	314	331	339	362	379	384	410	415	
Public Service corporations--Employer and employee contributions .....	54	57	128	232	239	246	246	242	240	
Interest .....	417	608	837	981	1,261	1,616	1,993	2,445	2,775	
Actuarial liability adjustment .....	630	559	951	267						
Other .....	14	10	14	21	21	21	25	31	31	
Disbursements--										
Annuities .....	-357	-409	-466	-523	-576	-647	-740	-835	-931	
Other .....	-66	-61	-65	-45	-42	-49	-65	-77	-116	
Change in unamortized portion of actuarial deficiency .....	-194	-104	-375	301	481	356	244	53		
Net .....	1,052	1,262	1,676	1,912	2,095	2,295	2,478	2,667	2,841	
Canadian Forces Superannuation Account--										
Receipts--										
Government contribution .....	133	142	159	183	200	212	223	233	247	
Employee contributions .....	74	80	91	105	113	120	125	131	139	
Interest .....	340	480	618	755	933	1,125	1,350	1,546	1,782	
Actuarial liability adjustment .....	284	252	454	286	20					
Other .....	1	1	1	2	2	2	2	3	2	
Disbursements--										
Annuities .....	-242	-267	-292	-315	-336	-363	-394	-426	-459	
Other .....	-11	-14	-15	-12	-10	-13	-16	-17	-20	
Change in unamortized portion of actuarial deficiency .....	28	19	-151	20	239	203	152	62	4	
Net .....	607	693	865	1,024	1,161	1,286	1,442	1,532	1,695	
Royal Canadian Mounted Police Superannuation Account--										
Receipts--										
Government contribution .....	39	44	52	61	65	67	68	72	82	
Employee contributions .....	20	22	27	31	34	34	34	37	40	
Interest .....	51	59	68	103	127	157	196	237	271	
Actuarial liability adjustment .....	13	38	51	5						
Disbursements--										
Annuities .....	-10	-13	-16	-19	-21	-24	-27	-33	-40	
Other .....	-2	-3	-3	-2	-2	-2	-2	-3	-2	
Change in unamortized portion of actuarial deficiency .....	14	-12	-21	17	22	19	11	1		
Net .....	125	135	158	196	225	251	280	311	351	
Supplementary Retirement Benefits Account--										
Receipts--										
Government contribution .....	66	74	88	81	94	100	103	111	115	
Employee contributions .....	68	75	83	87	94	100	103	111	115	
Public Service corporations--Employer and employee contributions .....	10	10	24	43	45	46	47	45	48	
Other .....	59	94	159	180	185	260	268	273	332	
Disbursements--										
Annuities .....	-11	-25	-26	-31	-27	-25	-27	-37	-53	
Other .....	-10	-11	-13	-9	-10	-11	-14	-18	-21	
Net .....	182	217	315	351	381	470	480	485	536	
Total (net) superannuation accounts .....	1,966	2,307	3,014	3,483	3,862	4,302	4,680	4,995	5,423	

Source/requirement (-)

## National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

In 1987-88, the National Accounts deficit declined by \$3,049 million or 12.2% from the 1986-87 level. This reflects a 12.3% increase in revenue and a 7.1% increase in expenditure. As with the 1986-87 decline in the deficit, the 1987-88 decline reflects Government initiatives for expenditure restraint as well as increased revenue resulting from a stronger economy in 1987-88.

TABLE 1.12

GOVERNMENT OF CANADA  
NATIONAL ACCOUNTS PRESENTATION  
DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS  
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	
<b>I. National Accounts transactions<sup>(1)</sup></b>										
<b>A. REVENUE--</b>										
Direct taxes--										
Persons .....	20,803	24,536	30,563	33,213	35,715	37,893	44,218	50,110	57,180	
Corporations .....	7,447	8,958	8,926	9,292	10,049	11,324	11,338	10,175	10,840	
Non-residents .....	890	932	1,163	1,116	1,051	1,170	1,192	1,448	1,418	
Total direct taxes .....	29,140	34,426	40,652	43,621	46,815	50,387	56,748	61,733	69,438	
Indirect taxes .....	11,087	13,467	19,355	16,863	16,789	18,719	18,596	21,324	23,791	
Other current transfers from persons .....	17	16	15	15	16	18	24	23	24	
Investment income .....	4,215	4,792	5,891	4,913	6,567	7,306	7,831	8,065	9,137	
Capital consumption allowances .....	746	837	944	1,008	1,077	1,183	1,289	1,379	1,481	
Total revenue .....	45,205	53,538	66,857	66,420	71,264	77,613	84,488	92,524	103,871	
<b>B. EXPENDITURE--</b>										
Current goods and services--										
Defence .....	4,287	5,022	5,689	6,896	7,560	8,449	9,224	9,560	10,268	
Non-defence .....	8,603	9,494	11,259	12,283	12,603	13,338	14,201	14,755	15,168	
Total current goods and services .....	12,890	14,516	16,948	19,179	20,163	21,787	23,425	24,315	25,436	
Transfer payments to persons .....	14,933	17,114	19,776	25,989	28,254	30,440	31,809	33,631	34,969	
Subsidies .....	4,005	5,824	6,535	5,915	5,825	7,804	5,185	5,410	7,263	
Capital assistance .....	675	733	1,042	3,373	3,239	3,452	2,716	2,414	1,772	
Current transfers to non-residents .....	794	779	944	1,072	1,282	1,541	1,538	1,904	2,239	
Interest on the public debt .....	8,370	10,544	14,855	16,821	17,900	22,116	25,102	26,385	28,626	
Transfers to provinces .....	11,839	12,574	14,217	15,902	18,316	20,120	20,269	20,970	22,803	
Transfers to local governments .....	316	303	326	345	528	503	488	520	617	
Gross capital formation .....	891	755	1,276	1,310	1,714	2,546	2,128	1,975	2,097	
Total expenditure .....	54,713	63,142	75,919	89,906	97,221	110,309	112,660	117,524	125,822	
Deficit .....	-9,508	-9,604	-9,062	-23,486	-25,957	-32,696	-28,172	-25,000	-21,951	

<sup>(1)</sup> These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1988.

## Public Accounts and National Accounts Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditure. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenue in the Public Accounts is recorded on a cash basis. While the major portion of National Accounts revenue is accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Government's contributions to, and interest payments on, these accounts are

included in expenditure. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenue in the National Accounts presentation, and pension payments form part of Government expenditure.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as a budgetary expenditure in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditure. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenue and expenditure include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowance". This item is not a part of Public Accounts reporting.

The National Accounts include certain Government agencies which are not part of the Public Accounts. The financial transactions of those agencies are included in National Accounts revenue and expenditure.

TABLE 1.13

### GOVERNMENT OF CANADA PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION (in millions of dollars)

	Year ended March 31								
	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>Budgetary revenue--Public Accounts</b> .....	41,921	48,775	60,001	60,705	64,216	70,898	76,833	85,784	97,452
Reconciling items--									
Government pension receipts .....	2,705	3,148	3,960	4,508	4,965	5,528	6,070	6,548	7,147
Corporate income tax--Excess of accruals over collections .....	555	681	-91	910	520	-490	-219	-129	374
Capital consumption allowances .....	746	837	944	1,008	1,077	1,183	1,289	1,379	1,481
Petroleum compensation charge <sup>(1)</sup> .....	400	1,459	3,855	2,852	1,833	2,291	690		
Non-tax revenue <sup>(2)</sup> .....	-365	-421	-488	-580	-656	-835	-988	-968	-994
Deficits of Government business enterprises .....	-791	-1,124	-1,465	-1,208	-1,088	-1,104	-933	-938	-898
Miscellaneous <sup>(3)</sup> .....	34	183	141	-1,775	397	142	1,746	848	-691
<b>Total revenue--National Accounts</b> .....	45,205	53,538	66,857	66,420	71,264	77,613	84,488	92,524	103,871
<b>Budgetary expenditure--Public Accounts</b> .....	53,422	62,297	74,873	88,521	96,615	109,222	111,237	116,389	125,535
Reconciling items--									
Government pension payments .....	701	818	878	959	1,029	1,139	1,285	1,437	1,566
Net expenditure of funds and agencies <sup>(4)</sup> .....	1,491	1,399	1,571	1,241	1,403	1,451	1,442	1,567	1,525
Capital consumption allowances .....	746	837	944	1,008	1,077	1,183	1,289	1,379	1,481
Petroleum compensation program <sup>(5)</sup> .....	457	900	3,804	2,746	1,763	2,238	1,123	6	54
Non-tax revenue <sup>(6)</sup> .....	-365	-421	-488	-580	-656	-835	-988	-968	-994
Deficits of Government business enterprises .....	-791	-1,124	-1,465	-1,208	-1,088	-1,104	-933	-938	-898
Budgetary transfers to funds and agencies .....	-2,525	-1,737	-2,789	-986	-1,232	-1,524	-1,273	-1,213	-1,336
Miscellaneous <sup>(7)</sup> .....	1,577	173	-1,409	-1,795	-1,690	-1,461	-522	-135	-1,111
<b>Total expenditure--National Accounts</b> .....	54,713	63,142	75,919	89,906	97,221	110,309	112,660	117,524	125,822

(1) In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditure. Gross revenues and payments are recorded in the National Accounts.

(2) Various items of non-tax revenue, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

(3) Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, and the treatment of revenue in the supplementary accounting period after March 31.

(4) In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

(5) This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis.

(6) Various non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

(7) Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, and the treatment of expenditure in the supplementary accounting period after March 31.





# SECTION 2

**1987-88  
PUBLIC ACCOUNTS**

## **Audited Financial Statements of the Government of Canada**

### **CONTENTS**

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## PREFACE TO THE AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament and thus to the public, to facilitate an understanding and evaluation of:

- the full nature and extent of the financial affairs and resources for which the Government is responsible, distinguishing between those of the Government and those relating to Crown corporations; and
- whether the financial resources were administered by the Government in accordance with the dollar limits established by the appropriate legislative authorities.

The two basic concepts underlying the Government's accounting system are found in the Constitution Acts: first, the concept of the Consolidated Revenue Fund, which emanates from the requirement that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, the concept that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The financial statements consist of four statements and accompanying notes. The first statement is the Statement of Transactions, which shows how the financial requirements were met, and the effect of the transactions on the Consolidated Revenue Fund. The financial transactions are classified into the following categories:

- The first category, budgetary, consists of all the transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, the receipts from tax and non-tax revenue, together with the expenditures authorized by Parliament.
- The second category, non-budgetary, consists of transactions in loans, investments and advances, in liabilities for the administration of certain public money received or collected for special purposes, and in other liabilities. These transactions account for the change in the financial claims and obligations of the Government.
- The third category, foreign exchange, reflects transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar) together with an accounting of the net position of the Government with respect to the International Monetary Fund. Foreign exchange transactions include unmatured debt payable in foreign currencies.
- The fourth category, unmatured debt, represents the extent to which financial requirements have been met through the increase in unmatured debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. Unmatured debt transactions exclude unmatured debt payable in foreign currencies.

The second statement is the Statement of Revenue and Expenditure and Accumulated Deficit, which gives a more detailed accounting of the budgetary transactions summarized in the Statement of Transactions and shows the changes in the accumulated deficit for the last two years.

The third statement is the Statement of Assets and Liabilities. This statement differs in some ways from the conventional balance sheet of the private sector. Fixed assets, having been accounted for as expenditures, are reported at the nominal value of \$1, and revenues not yet received, such as uncollected taxes, are not recorded as assets. It should be noted, therefore, that the difference between total financial assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government; this difference should not be taken as the Government's net worth.

The fourth statement is the Statement of Use of Appropriations, which summarizes by ministry, the use of parliamentary appropriations for budgetary expenditure and for loans, investments and advances. Total budgetary expenditure on this statement differs from total expenditure on the Statement of Transactions and the Statement of Revenue and Expenditure and Accumulated Deficit. The reasons for the differences are set out in Note 1 (ix) to the financial statements.

Other sections in this volume, together with Volumes II and III of the Public Accounts, are designed to provide more detailed information supporting the financial statements.



## STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the statements and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada, in compliance with governing legislation. The financial statements are prepared on a modified cash basis of accounting, that is revenues are reported on a cash basis and expenditures are reported on an accrual basis. Where there are departures from cash accounting, the information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality. Financial information contained elsewhere in this volume is consistent with that in the financial statements unless otherwise indicated.

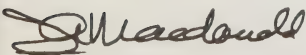
To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks, and which are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

The Auditor General of Canada provides an independent opinion on the financial statements prepared by the Government. The duties of the Auditor General in that respect are set out in Section 6 of the Auditor General Act, SC 1976-77, C.34 which states in part that the Auditor General "shall express his opinion as to whether they (the financial statements) present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year together with any reservations he may have".


Annually, the financial statements are tabled in Parliament as part of the Public Accounts, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Canada.

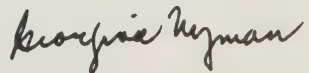
August 15, 1988



J.A. MACDONALD  
Comptroller General of Canada



FREDERICK W. GORBET  
Deputy Minister of Finance



GEORGINA WYMAN  
Deputy Receiver General for Canada

## GOVERNMENT OF CANADA

**Statement of Transactions**  
**for the Year Ended March 31, 1988**  
(in millions of dollars)

	1988	1987
<b>BUDGETARY TRANSACTIONS</b>		
Revenue .....	97,452	85,784
Expenditure .....	125,535	116,389
Deficit .....	28,083	30,605
<b>NON-BUDGETARY TRANSACTIONS</b>		
Loans, investments and advances .....	1,509	1,386
Specified purpose accounts .....	7,482	6,696
Other transactions .....	939	956
Net source .....	9,930	9,038
Financial requirements (excluding foreign exchange transactions) .....	18,153	21,567
<b>FOREIGN EXCHANGE TRANSACTIONS<sup>(1)</sup></b>		
Total financial requirements <sup>(2)</sup> .....	7,149	6,390
	25,302	27,957
<b>UNMATURED DEBT TRANSACTIONS<sup>(1)</sup></b>		
Change in cash .....	22,217	27,831
	3,085	126
<b>CASH BALANCE AT END OF YEAR</b> .....	<b>1,533</b>	<b>4,618</b>

The accompanying notes are an integral part of this statement.

Details can be found in other sections of this volume.

<sup>(1)</sup> Unmatured debt payable in foreign currencies, -\$715 million in 1988 (-\$1,800 million in 1987), has been included as part of foreign exchange transactions.

<sup>(2)</sup> Cash requirements (-).

August 15, 1988

## GOVERNMENT OF CANADA

# Statement of Revenue and Expenditure and Accumulated Deficit for the Year Ended March 31, 1988

(in millions of dollars)

	1988		1987	
	Gross <sup>(1)</sup>	Net <sup>(1)</sup>	Gross <sup>(1)</sup>	Net <sup>(1)</sup>
<b>REVENUE, Table 3.1, Section 3—</b>				
<b>TAX REVENUE</b>				
Income tax—				
Personal .....	45,125	45,125	37,878	37,878
Corporation .....	10,878	10,878	9,885	9,885
Unemployment insurance contributions .....	10,425	10,425	9,558	9,558
Non-resident .....	1,162	1,162	1,355	1,355
	67,590	67,590	58,676	58,676
Excise taxes and duties—				
Sales tax .....	12,927	12,927	11,972	11,972
Customs import duties .....	4,385	4,385	4,187	4,187
Energy taxes .....	2,657	2,603	1,974	1,965
Other .....	3,461	3,026	3,273	2,925
	23,430	22,941	21,406	21,049
Other tax revenue .....	207	207	144	144
	91,227	90,738	80,226	79,869
<b>NON-TAX REVENUE</b>				
Return on investments .....	4,584	4,548	4,255	4,234
Other non-tax revenue .....	3,783	2,166	3,095	1,681
	8,367	6,714	7,350	5,915
<b>TOTAL REVENUE (Note 3) .....</b>	<b>99,594</b>	<b>97,452</b>	<b>87,576</b>	<b>85,784</b>
<b>EXPENDITURE, Table 5.1, Section 5—</b>				
Social development—				
Old age security benefits, guaranteed income supplements and spouses' allowances .....	14,349	14,349	13,445	13,445
Unemployment insurance benefits .....	10,487	10,487	10,444	10,444
Established programs financing—				
Insurance and medical care services .....	6,558	6,558	6,607	6,607
Education support .....	2,242	2,242	2,232	2,232
Canada Assistance Plan .....	4,246	4,246	4,051	4,051
Family allowances .....	2,564	2,564	2,534	2,534
Justice and legal .....	2,755	2,318	2,598	2,177
Social assistance—Indians and Inuit .....	2,330	2,330	2,238	2,238
Direct job creation and training .....	1,929	1,929	1,939	1,939
Veterans benefits .....	1,609	1,609	1,586	1,586
Housing .....	1,885	1,885	1,454	1,454
Television, film and radio .....	1,097	1,097	1,025	1,025
Other .....	5,081	5,022	4,906	4,838
	57,132	56,636	55,059	54,570
Economic and regional development .....	15,231	14,232	12,625	11,792
Defence .....	11,074	10,769	10,270	9,993
Fiscal arrangements .....	7,007	7,007	6,302	6,302
Services to Government .....	4,513	4,194	4,148	3,975
External affairs and aid .....	3,461	3,438	2,912	2,892
Parliament .....	231	231	207	207
Total program expenditure .....	98,649	96,507	91,523	89,731
Public debt .....	29,028	29,028	26,658	26,658
<b>TOTAL EXPENDITURE (Notes 3, 4 and 5) .....</b>	<b>127,677</b>	<b>125,535</b>	<b>118,181</b>	<b>116,389</b>
<b>DEFICIT .....</b>	<b>28,083</b>	<b>28,083</b>	<b>30,605</b>	<b>30,605</b>
<b>ACCUMULATED DEFICIT, BEGINNING OF YEAR .....</b>		<b>264,101</b>		<b>233,496</b>
<b>ACCUMULATED DEFICIT, END OF YEAR (Note 6) .....</b>		<b>292,184</b>		<b>264,101</b>

The accompanying notes are an integral part of this statement.

Details can be found in other sections of this volume.

<sup>(1)</sup> The difference between Gross and Net is Revenue from outside parties credited to appropriations.

August 15, 1988

## GOVERNMENT OF CANADA

**Statement of Assets and Liabilities**  
**as at March 31, 1988**  
(in millions of dollars)

	1988	1987	Net increase or decrease (-)
<b>FINANCIAL ASSETS</b>			
<i>LOANS, INVESTMENTS AND ADVANCES, Table 7.1, Section 7—</i>			
Crown corporations (Notes 7 and 17)—			
Lending institutions—			
Canada Deposit Insurance Corporation .....	1,334	1,203	131
Canada Mortgage and Housing Corporation .....	9,177	9,411	- 234
Export Development Corporation .....	722	777	- 55
Farm Credit Corporation .....	3,702	3,523	179
Federal Business Development Bank .....	294	345	- 51
	15,229	15,259	- 30
All other Crown corporations—			
Air Canada .....	482	505	- 23
Atomic Energy of Canada Limited .....	690	710	- 20
Canada Development Investment Corporation .....	396	396	
Canadian National Railway Company .....	2,464	2,493	- 29
Petro-Canada .....	4,299	4,299	
Other .....	289	1,693	- 1,404
	8,620	10,096	- 1,476
Less: allowance for valuation .....	3,400	3,800	- 400
Total Crown corporations .....	20,449	21,555	- 1,106
Other loans, investments and advances—			
Provincial and territorial governments .....	911	948	- 37
National governments including developing countries (Note 8) .....	4,323	4,404	- 81
International organizations (Note 8) .....	4,564	4,542	22
Less: notes payable .....	1,874	1,837	37
	2,690	2,705	- 15
Veterans' Land Act Fund advances less allowance for conditional benefits .....	111	135	- 24
Joint and mixed enterprises .....	183	479	- 296
Miscellaneous .....	813	663	150
	9,031	9,334	- 303
Less: allowance for valuation .....	6,000	5,900	100
Total other loans, investments and advances .....	3,031	3,434	- 403
<b>TOTAL LOANS, INVESTMENTS AND ADVANCES</b> .....	23,480	24,989	- 1,509
<i>FOREIGN EXCHANGE ACCOUNTS, Table 10.1, Section 10—</i>			
International reserves held in the Exchange Fund Account, Table 10.2, Section 10 (Note 9) .....	14,779	8,212	6,567
International Monetary Fund—Subscriptions .....	5,038	4,936	102
	19,817	13,148	6,669
Less: International Monetary Fund—Notes payable .....	4,480	4,272	208
Special Drawing Rights allocations .....	1,335	1,308	27
	5,815	5,580	235
<b>TOTAL FOREIGN EXCHANGE ACCOUNTS</b> .....	14,002	7,568	6,434
<i>CASH IN TRANSIT, Table 12.1, Section 12</i> .....	2,322	1,468	854
<i>CASH, Table 12.2, Section 12</i> .....	1,533	4,618	- 3,085
<b>TOTAL FINANCIAL ASSETS (Note 15)</b> .....	41,337	38,643	2,694
<b>FIXED ASSETS</b> (valued at one dollar), Section 12 .....			
<b>ACCUMULATED DEFICIT</b> (Note 6) .....	292,184	264,101	28,083
<b>TOTAL</b> .....	333,521	302,744	30,777



	1988	1987	Net increase or decrease ( - )
<b>LIABILITIES</b>			
<b>SPECIFIED PURPOSE ACCOUNTS, Table 8.1, Section 8—</b>			
Canada Pension Plan Account (Note 10) .....	36,021	34,233	1,788
Less: provincial and territorial government securities held by the Canada Pension Plan Investment Fund .....	31,245	30,459	786
	4,776	3,774	1,002
Superannuation accounts (Note 11) .....	52,088	46,669	5,419
Less: unamortized portion of actuarial deficiencies .....		4	- 4
	52,088	46,665	5,423
Government Annuities Account .....	987	1,024	- 37
Deposit and trust accounts .....	1,796	1,841	- 45
Provincial tax collection agreements account .....	2,497	1,447	1,050
Other .....	843	754	89
<b>TOTAL SPECIFIED PURPOSE ACCOUNTS .....</b>	<b>62,987</b>	<b>55,505</b>	<b>7,482</b>
<b>OTHER LIABILITIES, Table 9.1, Section 9—</b>			
Interest and matured debt .....	11,605	10,579	1,026
Less: unamortized discount on Canada and Treasury bills .....	2,005	1,514	491
	9,600	9,065	535
Accounts payable .....	6,777	5,868	909
Outstanding cheques and warrants .....	2,723	2,870	- 147
Allowance for employee vacation and termination benefits .....	2,500	2,350	150
Allowance for borrowings of agent Crown corporations expected to be repaid by the Government—			
Borrowings of agent Crown corporations, Table 7.7, Section 7 (Notes 7 and 12) .....	14,833	15,767	- 934
Less: borrowings expected to be repaid by these Crown corporations .....	14,383	15,667	- 1,284
	450	100	350
Miscellaneous .....	167	171	- 4
<b>TOTAL OTHER LIABILITIES .....</b>	<b>22,217</b>	<b>20,424</b>	<b>1,793</b>
<b>UNMATURED DEBT, Tables 11.1 and 11.10, Section 11 (Notes 13 and 14)—</b>			
Payable in Canadian currency—			
Marketable bonds .....	103,899	94,426	9,473
Canada savings bonds .....	53,323	44,309	9,014
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund .....	2,492	1,796	696
Treasury bills .....	81,050	76,950	4,100
	240,764	217,481	23,283
Less: Government's holdings of unmatured debt .....	3,729	2,663	1,066
	237,035	214,818	22,217
Payable in foreign currencies—			
Marketable bonds .....	6,323	5,868	455
Notes and loans .....	3,926	5,097	- 1,171
Canada bills .....	1,045	1,045	
	11,294	12,010	- 716
Less: Government's holdings of unmatured debt .....	12	13	- 1
	11,282	11,997	- 715
<b>TOTAL UNMATURED DEBT .....</b>	<b>248,317</b>	<b>226,815</b>	<b>21,502</b>
<b>TOTAL (Notes 16, 17 and 18) .....</b>	<b>333,521</b>	<b>302,744</b>	<b>30,777</b>

The accompanying notes are an integral part of this statement.  
Details can be found in other sections of this volume.

August 15, 1988

## GOVERNMENT OF CANADA

# Statement of Use of Appropriations for the Year Ended March 31, 1988

(in millions of dollars)

	Total appropriations available for use	Used in the current year	Balances		Available for use in subsequent years	Used in the previous year
			Lapsed	Overexpended		
Agriculture—Budgetary .....	3,536	3,386	126		24	2,330
Non-budgetary .....	<b>984</b>	<b>139</b>			<b>845</b>	<b>- 606</b>
Atlantic Canada Opportunities Agency—Budgetary .....	128	82	46			
Non-budgetary .....	<b>5</b>		<b>5</b>			
Communications—Budgetary .....	1,734	1,706	10	- 1	19	1,574
Non-budgetary .....	<b>40</b>	<sup>(1)</sup>			<b>40</b>	
Consumer and Corporate Affairs—Budgetary .....	558	554	4			600
Non-budgetary .....	<b>500</b>				<b>500</b>	
Employment and Immigration—Budgetary .....	4,742	4,623	119			4,871
Non-budgetary .....	<b>28</b>	<b>6</b>			<b>22</b>	<b>4</b>
Energy, Mines and Resources—Budgetary .....	1,974	1,336	593	- 24	69	1,827
Non-budgetary .....	<b>3,901</b>		<b>43</b>		<b>3,858</b>	<b>20</b>
Environment—Budgetary .....	794	785	9			762
External Affairs—Budgetary .....	3,222	3,173	35		14	2,855
Non-budgetary .....	<b>11,903</b>	<b>51</b>	<b>18</b>		<b>11,834</b>	<b>219</b>
Finance—Budgetary .....	36,122	35,974	34		114	32,788
Non-budgetary .....	<b>5,138</b>	<b>473</b>	<b>27</b>		<b>4,638</b>	<b>545</b>
Fisheries and Oceans—Budgetary .....	609	608	1			579
Non-budgetary .....	<b>53</b>	<b>7</b>			<b>46</b>	<b>- 8</b>
Governor General—Budgetary .....	8	8	<sup>(1)</sup>			8
Indian Affairs and Northern Development—Budgetary .....	2,939	2,824	80		35	2,646
Non-budgetary .....	<b>111</b>	<b>48</b>	<b>7</b>		<b>56</b>	<b>44</b>
Justice—Budgetary .....	592	568	24			327
Labour—Budgetary .....	224	223	1			206
Non-budgetary .....	<b>1</b>	<b>1</b>			<sup>(1)</sup>	<sup>(1)</sup>
National Defence—Budgetary .....	10,581	10,650	2	- 71		9,873
Non-budgetary .....	<b>45</b>	<b>1</b>			<b>44</b>	<b>- 7</b>
National Health and Welfare—Budgetary .....	28,979	28,974	5			27,780
National Revenue—Budgetary .....	1,336	1,328	8			1,236
Parliament—Budgetary .....	230	225	5			204
Privy Council—Budgetary .....	91	88	3			87
Public Works—Budgetary .....	3,426	2,925	158		343	2,682
Non-budgetary .....	<b>4,348</b>	<b>167</b>	<b>8</b>		<b>4,173</b>	<b>194</b>
Regional Industrial Expansion—Budgetary .....	1,701	1,426	198		77	1,393
Non-budgetary .....	<b>1,376</b>	<b>74</b>	<b>1</b>		<b>1,301</b>	<b>- 88</b>
Science and Technology—Budgetary .....	816	799	17			752
Secretary of State—Budgetary .....	3,398	3,383	7		8	3,344
Solicitor General—Budgetary .....	1,980	1,905	75			1,882
Non-budgetary .....	<sup>(1)</sup>	<sup>(1)</sup>			<sup>(1)</sup>	<sup>(1)</sup>
Supply and Services—Budgetary .....	1,005	769	7		229	854
Non-budgetary .....	<b>31</b>	<b>5</b>			<b>26</b>	<b>- 18</b>
Transport—Budgetary .....	5,145	4,758	178		209	3,339
Non-budgetary .....	<b>1,017</b>	<b>- 21</b>	<b>1</b>		<b>1,037</b>	<b>- 20</b>
Treasury Board—Budgetary .....	720	418	302			311
Non-budgetary .....	<b>152</b>		<b>15</b>		<b>137</b>	<b>15</b>
Veterans Affairs—Budgetary .....	1,668	1,612	56			1,589
Non-budgetary .....	<b>470</b>	<b>- 23</b>			<b>493</b>	<b>- 27</b>
<b>TOTAL—BUDGETARY (Note 5)</b>	<b>118,258</b>	<b>115,110</b>	<b>2,103</b>	<b>- 96</b>	<b>1,141</b>	<b>106,699</b>
<b>NON-BUDGETARY .....</b>	<b>30,103</b>	<b>928</b>	<b>125</b>		<b>29,050</b>	<b>267</b>

The accompanying notes are an integral part of this statement.

Details can be found in Volume II (Part I). Other details can be found in Section 4 of this volume.

<sup>(1)</sup> Less than \$500,000.

Amounts in roman type are budgetary.

Amounts in **bold face** type are non-budgetary loans, investments and advances.

August 15, 1988

# Notes to the Financial Statements of the Government of Canada

## 1. Significant Accounting Policies

The accounting policies of the Government of Canada are based on concepts embodied in the Constitution Acts, and in the Financial Administration Act and other legislation.

### i. *Government of Canada as an accounting entity*

For purposes of maintaining the accounts of Canada and preparing the Public Accounts, the Government of Canada is defined as all the departments named in Schedule A of the Financial Administration Act; any division or branch of the Public Service, including a commission appointed under the Inquiries Act, designated by the Governor in Council as a department for purposes of the Financial Administration Act; the staffs of the Senate, the House of Commons, and the Library of Parliament; and, any corporation named in Schedule B of the Financial Administration Act.

In accordance with the above definition, the corporations listed in Parts I and II of Schedule C of the Financial Administration Act, and those Crown corporations that are not subject to Divisions I to IV of Part XII of the Financial Administration Act, are excluded from the Government of Canada as an accounting entity; therefore, their financial statements are not consolidated with those of the Government. However, the borrowings of those corporations which are agents of the Crown are recorded as a liability of the Government net of borrowings expected to be repaid directly by these corporations. The financial statements of Crown corporations are presented in Volume III of the Public Accounts.

In addition, certain accounts and funds have financial statements which are not consolidated with those of the Government, but appear separately in Volumes I and II (Part II). These accounts and funds include the Canada Pension Plan Account, superannuation accounts and other specified purpose accounts.

### ii. *Classification of financial transactions*

The financial transactions of the Government, as recorded in the accounts of Canada and reported in the Public Accounts, are classified into budgetary, non-budgetary, foreign exchange and unmatured debt transactions.

In general terms, budgetary transactions enter into the calculation of the annual deficit or surplus and are reported on the Statement of Revenue and Expenditure and Accumulated Deficit. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations, and are disclosed on the Statement of Assets and Liabilities.

For purposes of reporting, the Public Accounts uses the classification in force at the end of the year to which the report refers and amounts for the previous year are reclassified retroactively to conform to the current year's accounting policies and presentation.

### iii. *Budgetary transactions*

#### REVENUE

Revenue consists of all tax and non-tax receipts which affect the annual deficit or surplus of the Government.

The Government generally reports revenue in the year in which it is received, with refunds of revenue allocated to the year in which they are actually paid.

Revenue is reported after deducting refunds paid, and excludes amounts receivable, taxes collected on behalf of provinces and territories, and amounts credited to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

On the Statement of Revenue and Expenditure and Accumulated Deficit, revenue is reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations.

#### EXPENDITURE

Expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. In addition, expenditure may also include charges related to the provision for valuation of loans, investments and advances, the allowance for borrowings of agent Crown corporations, and accounts payable and other allowances related to statutory items and certain annual appropriations. Such charges include those for work performed, goods received, services rendered, and transfer payments made, during the year and in the supplementary period including accounts payable at year end.

Expenditure excludes amounts charged to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

On the Statement of Revenue and Expenditure and Accumulated Deficit, expenditure is reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations.

### iv. *Assets*

Assets are defined as the financial claims acquired by the Government on outside organizations and individuals as a result of events and transactions recorded as at the closing date.

However, as a result of the Government's accounting policies described above, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these are accounts receivable for tax and non-tax revenue.

v. *Liabilities*

Liabilities are defined as the financial obligations of the Government to outside organizations and individuals as a result of events and transactions recorded as at the closing date.

However, as a result of the Government's accounting policies described above, and in accordance with enabling legislation, actuarial liabilities arising from the indexing to the cost of living, of superannuate pensions and annuities, are not reported on the Statement of Assets and Liabilities. In addition, refunds payable for tax revenue are not reported on the Statement of Assets and Liabilities.

vi. *Fixed assets*

The fixed assets of the Government, which include land, engineering structures and works (such as canals, harbours and roads), buildings, and machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction. Their existence, however, is acknowledged on the Statement of Assets and Liabilities by reporting them at the nominal value of \$1.

vii. *Valuation of assets and liabilities***ASSETS**

Assets are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. In the case of loans to sovereign states, no reduction in value is recorded unless a sovereign state has formally repudiated its debts. In addition, the allowance for valuation reflects reductions from the recorded value of loans (and subscriptions to international organizations that make similar loans) with significant concessionary terms.

The Government's gold reserves are included in the International reserves held in the Exchange Fund Account and are recorded and valued at 35 Special Drawing Rights per fine ounce. The Special Drawing Right is an international currency created by the International Monetary Fund, and allocated to countries participating in its Special Drawing Rights Department. It represents a unit of account defined in terms of a "basket" of five major currencies.

**LIABILITIES**

Liabilities are recorded at the amounts ultimately payable and liabilities for termination benefits, the superannuation accounts with the exception of indexing, and the Government Annuities Account, are valued on an actuarial basis.

viii. *Translation of foreign currency transactions*

Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates.

Assets and liabilities resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue, while net losses are charged to expenditure.

ix. *Statement of Use of Appropriations*

The Statement of Use of Appropriations summarizes the authorities available for both budgetary spending on operations and non-budgetary loans, investments and advances and the disposition of such authorities by ministry. The statement is prepared in accordance with the significant accounting policies described in this note with the following exceptions:

- appropriations available for use and used in the year include internal transactions between and within ministries; and between ministries and consolidated specified purpose accounts;
- the provision for valuation of assets and liabilities is not allocated to ministries; and
- budgetary appropriations for use and used in the year do not include amounts charged to consolidated specified purpose accounts.

**2. Authorities for Transactions**

Taxes can be raised and moneys can be borrowed only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt must be authorized by Parliament.

i. *Authority for spending on operations*

Parliament provides authority to make payments out of the Consolidated Revenue Fund in annual appropriation acts and other statutes (the latter referred to as statutory appropriations). Most Government spending is under statutory authorities, that is authorities which do not generally impose an annual limit on the amount that may be spent. Spending is authorized by reference to statutory formulae or criteria and the authorities usually continue from year to year until changed or rescinded by an act of Parliament. Spending authority provided by statutory appropriations is for specified purposes and for such amounts and such time as the acts prescribe. Spending authority provided by statutory appropriations generally does not lapse at the end of the year in which it was granted. Spending authority granted in appropriation acts is for stated purposes and maximum amounts. Unless provided for in vote wording, unused spending authority granted in appropriation acts lapses at the end of the year for which it was granted. Some authorities continue from year to year and some authorize the spending, within a program, of defined categories of revenue generated by the program.

ii. *Authority for loans, investments and advances*

These authorities limit the amount of loans, investments or advances that may be made. Unused authority may lapse at the end of a year or may continue from year to year. Non-lapsing authorities often limit only the total of loans that may be outstanding at any one time; thus principal repaid may be reloaned.



### iii. Borrowing authority

The Government can borrow only as authorized by acts of Parliament. Borrowing authority acts provide authority for the net amount of new security issues less redemptions during a fiscal year. The authorities lapse at the end of the year except for amounts specifically carried forward to the next fiscal year. Parliament has also provided a continuing authority to the Government under Section 39 of the Financial Administration Act to borrow, for periods not exceeding six months, such amounts as are deemed necessary to meet lawfully authorized disbursements.

Crown corporations (corporations wholly owned by the Crown) that are agents of Her Majesty also may borrow only as authorized by acts of Parliament. Such acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority. Non-agent borrowings are sometimes guaranteed by the Government with the authority of Parliament.

### 3. Tax Credits

Entitlements to tax credits are claimed on personal income tax returns. Claims are settled either by reducing the tax liability for the year or, if no liability exists, by issuing a "refund" cheque. In either case, personal income tax revenues are reduced, even where no tax had been paid. Had the tax reductions and direct payments due to child tax credits been reported as expenditures, gross total expenditure and revenue would have increased respectively by \$1,640 million (\$1,360 million in 1987). Likewise, had the tax reductions and direct payments due to the sales tax credit been reported as expenditures, gross total expenditure and revenue would have increased respectively by \$300 million (\$80 million in 1987).

### 4. Presentation of Expenditure by Standard Object

Expenditure with outside parties per the Statement of Revenue and Expenditure and Accumulated Deficit is reported by standard object in the following table:

		(in millions of dollars)	
		1988	1987
(1)	Personnel .....	14,343	13,797
(2)	Transportation and communications ..	1,498	1,371
(3)	Information .....	309	240
(4)	Professional and special services .....	1,856	1,688
(5)	Rentals .....	783	789
(6)	Purchased repair and maintenance .....	1,140	1,072
(7)	Utilities, materials and supplies .....	2,263	2,131
(8)	Construction and acquisition of land, buildings and works .....	857	862
(9)	Construction and/or acquisition of machinery and equipment .....	3,317	3,062
(10)	Transfer payments .....	64,778	60,927
(11)	Public debt charges .....	29,028	26,657
(12)	All other expenditure .....	7,505	5,585
Total gross expenditure with outside parties .....		127,677	118,181
(13)	Less: revenue credited to the votes received from outside parties .....	2,142	1,792
Total net expenditure with outside parties .....		125,535	116,389

Details can be found in Table 5, Section 1 of Volume II (Part I) of the Public Accounts.

### 5. Statement of Use of Appropriations

Total net expenditure by envelope of \$125,535 million (\$116,389 million in 1987) reported on the Statement of Revenue and Expenditure and Accumulated Deficit differs from the total use of budgetary appropriations of \$115,110 million (\$106,699 million in 1987) reported on the Statement of Use of Appropriations. The difference represents transactions of certain specified purpose accounts, the provision for valuation which is not applied to each appropriation and budgetary transactions internal to the Government as follows:

		(in millions of dollars)	
		1988	1987
Total net expenditure by envelope per Statement of Revenue and Expenditure and Accumulated Deficit .....		125,535	116,389
Add: transactions internal to the Government—			
Contribution to the Unemployment Insurance Account .....	2,703	2,971	
Internal revenue eliminated .....	141	135	
Contribution to the Western Grain Stabilization Account .....	91	76	
Contribution to the Agricultural Commodities Stabilization Accounts .....	36	25	
Interest credited to the Western Grain Stabilization Account .....	(1)	1	
Interest credited to the Unemployment Insurance Account .....	4	3	
Interest credited to the Agricultural Commodities Stabilization Accounts .....	6	2	
Other specified purpose accounts .....	1		
		2,982	3,213
Less:			
Unemployment insurance benefits .....	10,237	10,320	
Administration expenses of the Unemployment Insurance Account .....	969	937	
Western Grain Stabilization Account payments .....	1,396	855	
Agricultural Commodities Stabilization Accounts payments .....	2	4	
Crop Reinsurance Fund payments .....	1	287	
Other specified purpose accounts .....	2		
Net provision for valuation <sup>(2)</sup> .....	800	500	
		13,407	12,903
Used in the current and previous years per Statement of Use of Appropriations (budgetary) .....		115,110	106,699

Details of consolidated specified purpose accounts can be found in Section 6 of this volume.

(1) Less than \$500,000.

(2) In the current year, \$2,298 million (\$637 million in 1987) was provided for, and \$1,498 million (\$137 million in 1987) was written-off.

### 6. Accumulated Deficit

In accordance with its stated accounting policies, revenues and expenditures of certain specified purpose accounts are included in the revenue and expenditure of the Government. However, enabling legislation requires that such revenues be earmarked and that related payments be charged against such revenue. Any deficiency of payments over revenue must, in accordance with enabling legislation, be met through future revenue of these specified purpose accounts. The table below presents the balances of these accounts as at March 31, 1988 included in the accumulated deficit as follows:

	(in millions of dollars)	
	1988	1987
Accumulated deficit excluding consolidated specified purpose accounts .....	291,746	263,189
Unemployment Insurance Account .....	2,189	3,897
Canadian Ownership Account .....	-3,565	-3,559
Western Grain Stabilization Account .....	1,514	145
Crop Reinsurance Fund .....	75	113
Agricultural Commodities Stabilization Accounts .....	-184	-70
Accrued expenditure of the Crop Reinsurance Fund .....	3	1
Accrued expenditure of the Unemployment Insurance Account .....	406	385
Other specified purpose accounts .....	(1)	
	438	912
Accumulated deficit .....	292,184	264,101

Details of consolidated specified purpose accounts can be found in Section 6 of this volume.

(1) Less than \$500,000.

## 7. Crown Corporations

In accordance with the accounting policy stated in Note 1(i), the assets, liabilities, revenues and expenses reported in the separate financial statements of Crown corporations are not included in the Government's financial statements. Only the financial transactions between the Government and Crown corporations are included.

The following tables separately summarize the assets, liabilities, revenues and expenditures of the Government and the assets, liabilities, revenues and expenses of all Crown corporations. All identified transactions and balances between the Crown corporations and the Government have been reported in the tables.

The tables present the financial transactions and results of operations of the Government and the Crown corporations in accordance with their respective accounting policies. Most Crown corporations follow the generally accepted accounting principles (GAAP) used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants. The most significant difference between GAAP and the Government's basis of accounting described in Note 1 is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written off over their respective expected lives or as they are used; the Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

A further significant difference is that the Government excludes from its assets accounts receivable arising from revenue transactions. The value of non-financial assets and revenue receivables reported by Crown corporations as at March 31, 1988 was \$25,421 million and \$6,459 million respectively (\$25,384 million and \$6,975 million in 1987).

For those Crown corporations whose year end is March 31 the data are based on audited financial statements. For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with their most recent audited financial statements.

### i. Assets and Liabilities

	(in millions of dollars)			
	1988		1987	
	Government as reported	Crown corporations	Government as reported	Crown corporations
<b>Assets</b>				
Financial				
Outside parties .....	20,027	31,985	17,021	34,807
Government and Crown corporations .....	21,310	22,754	21,622	19,576
Total financial assets .....	41,337	54,739	38,643	54,383
Physical assets and deferred charges .....		25,421		25,384
Total assets .....	41,337	80,160	38,643	79,767
<b>Liabilities</b>				
Outside parties				
Borrowings .....	226,847		208,999	
Agents .....		14,833		15,767
Non-agents .....		3,957		4,469
Bank of Canada notes in circulation and amounts owing to depositors .....		20,413		19,442
Other liabilities .....	83,441	9,645	74,087	9,698
Government and Crown corporations .....	23,233	18,223	19,658	18,289
Total liabilities .....	333,521	67,071	302,744	67,665
Net assets/liabilities (-) .....	-292,184	13,089	-264,101	12,102
Contingent liabilities .....	8,625	708	8,222	632

Details can be found in Section 7 of this volume.

ii. *Revenues and Expenditures/Expenses*

	(in millions of dollars)			
	1988		1987	
	Government as reported	Crown corporations	Government as reported	Crown corporations
<b>Revenues</b>				
Outside parties .....	94,369	25,315	82,237	25,038
Government and Crown corporations ..	5,225	7,597	5,339	7,684 <sup>(1)</sup>
Total revenues .....	99,594	32,912	87,576	32,722
<b>Expenditures/Expenses</b>				
Outside parties .....	118,168	27,823	109,685	27,681
Government and Crown corporations ..	9,509	2,793	8,496	3,191
Total expenditures/ expenses .....	127,677	30,616	118,181	30,872
Deficit (-)/net income for the year .....	-28,083	2,296	-30,605	1,850
<b>Other net changes in equity</b>				
Outside parties .....		-146		-448
Government and Crown corporations ..		-1,163		-1,755
Change in net assets/liabilities (-) for the year .....	-28,083	987	-30,605	-353
Net assets/liabilities (-) beginning of year .....	-264,101	12,102	-233,496	12,455
Net assets/liabilities (-) end of year .....	-292,184	13,089	-264,101	12,102

Details can be found in Section 7 of this volume.

<sup>(1)</sup> Included in corporate revenues is financial assistance from the federal Government in respect of current operations of \$4,583 million (\$4,635 million in 1987).

Term	Grace period before repayment commences	Interest rate	(in millions of dollars)	
			1988	1987
17 years	7 years	*	1	1
20 years	5 years	5%	30	31
25 years	5 years	6%	1	1
30 years	7 years	3%	174	177
35 years	5 years	*	2	3
40 years	10 years	*	1	1
50 years	10 years	*	2,903	2,932
53 years <sup>(1)</sup>	13 years	*	43	44
55 years <sup>(1)</sup>	15 years	*	8	9
			3,163	3,199

\* Interest-free.

<sup>(1)</sup> Rescheduled loans.

These loans, by their terms, confer financial benefits on the recipients and have been fully provided for in the Allowance for valuation. Details can be found in Section 7 of this volume.

ii. *Subscriptions and loans to international organizations*

Included in Loans, investments and advances—International organizations of \$4,564 million (\$4,542 million in 1987) are subscriptions to the capital of the International Development Association and loans to other international financial institutions of \$3,981 million (\$3,854 million in 1987) which are also part of Canada's development assistance program. These institutions make loans to developing countries on terms similar to those described in sub-section i. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or on withdrawal therefrom. Details, including Canada's agreement for future subscriptions, can be found in Section 7 of this volume.

Loans, investments and advances—International organizations are presented net after deduction of notes payable of \$1,874 million (\$1,837 million in 1987), including \$1,806 million (\$1,746 million in 1987) of notes payable to the aforementioned Association and institutions. The notes are non-interest bearing, are non-negotiable, but are payable on demand, although they are normally encashed over periods of up to seven years, according to the financial requirements of the institutions.

Included in the Allowance for valuation is an amount of \$2,175 million (\$2,108 million in 1987) equal to the net position of the Government vis-à-vis these institutions.

9. *Gold*

Included in International reserves held in the Exchange Fund Account of \$14,779 million (\$8,212 million in 1987) are Canada's gold holdings of 18.397 million fine ounces with a recorded value of \$1,104 million (19,423 million fine ounces with a recorded value of \$1,141 million in 1987).

Gold is valued at the Canadian dollar equivalent of 35 Special Drawing Rights (SDRs) per fine ounce, which approx-



imates its cost in foreign currency terms. At March 31, 1988, the Canadian dollar equivalent of 35 SDRs was \$59.96 per fine ounce (\$58.74 per fine ounce in 1987). The SDR is a unit of account used by the International Monetary Fund and is valued in terms of a "basket" of five major currencies.

Alternative bases of valuation could be used to value gold. On a market value basis (\$564.29 per fine ounce in 1988, \$549.62 in 1987), the recorded value would have been \$10,381 million (\$10,675 million in 1987). On the basis of estimated average cost in Canadian dollars at historical rates of exchange (\$36.91 per fine ounce in both 1988 and 1987), the recorded value would have been \$679 million (\$717 million in 1987). Further details can be found in the financial statements of the Exchange Fund Account, included in Section 10 of this volume.

## 10. Canada Pension Plan

Under existing legislation, benefits and costs incurred in the administration of the Canada Pension Plan are financed from contributions from employees, employers and self-employed persons, and from interest from the investment of contributions not immediately needed for benefits and costs. Although the Canada Pension Plan was established under federal legislation, the Plan is under the joint control of the Government and the provinces. Any province or group of provinces having  $\frac{1}{2}$  of the population of Canada can veto any amendment to the Canada Pension Plan that affects the level of contributions or benefits. The Government's authority to pay benefits under the Plan is limited to the balance in the Canada Pension Plan Account which was \$36,021 million at March 31, 1988. Therefore, in accordance with the accounting policies of the Government, the revenues and expenditures of the Plan have not been reported with those of the Government.

In 1988, revenues of the Canada Pension Plan Account were \$9.3 billion (\$8.4 billion in 1987) and expenditures were \$7.5 billion (\$5.9 billion in 1987). The balance of the Canada Pension Plan Account is \$36 billion at March 31, 1988 (\$34.2 billion at March 31, 1987). Funds in excess of estimated current operating requirements (\$33.7 billion at March 31, 1988; \$32.3 billion at March 31, 1987) are available for investments in securities of the provinces, territories and of the Government, on the basis of contributions from the jurisdiction to total contributions to the Account.

A long term funding objective of approximately two years of benefits has been set for the Plan by the establishment of a 25 year schedule of contribution rates starting January 1, 1987. The first 5 years require an annual .2 percentage points shared increase to the initial employer-employee contribution rate of 3.6% of contributory earnings. Contribution rates for the 20 subsequent years involve shared increases of .15 percentage points and are subject to quinquennial federal-provincial reviews. The financial statements of the Account are reproduced in Section 8 of this volume.

## 11. Superannuation Accounts

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal

Canadian Mounted Police (RCMP). Basic pensions, which are mostly based on the best 6 years average earnings and are accrued at the rate of 2 percent of average salary per year of service, are provided under the authority of the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the RCMP Superannuation Act, respectively. Benefits are limited, the maximum being seventy percent of final average earnings. Basic pensions are annually (on January 1) indexed to the cost of living under authority of the Supplementary Retirement Benefits Act.

The Public Service Superannuation Act also covers the employees of certain Crown corporations, agencies and other institutions. The pension obligations of these entities are limited to matching their employees' contributions; any actuarial deficiency is borne by the Government.

The employee contribution for these basic benefits is six and one half percent of pay, less contributions to the Canada or Quebec Pension Plan. In addition, employees contribute 1% of pay towards indexing. For basic benefits, the employer matches the prior year's employee contributions for members of the Public Service, and contributes 1.8 and 2 times current year's contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively. Indexation contributions are matched.

Contributions are credited to non-budgetary accounts. The basic superannuation accounts earn interest at rates that are based on the Government of Canada long-term bond rates. The interest rate earned by the basic accounts was about 11% in both 1988 and 1987. The indexation account is credited with interest based on five year Government of Canada bond rates. The rate in 1988 was 9.2% (8.8% in 1987).

All benefit payments are charged to non-budgetary accounts, except for certain indexing benefits in the cases where retirees have exhausted their credits in the Supplementary Retirement Benefits Account. In such cases, indexing benefits are charged directly to expenditure.

The superannuation accounts shown on the Statement of Assets and Liabilities include liabilities for basic pensions and indexing. Liabilities for basic pensions are determined on an actuarial basis, those for indexing are not. The Government has estimated that if the liabilities for all these superannuation accounts were determined on an actuarial basis, the reported liabilities and accumulated deficit would increase by \$3.8 billion at March 31, 1988 (\$3.1 billion at March 31, 1987).

This estimate incorporates, initially, the effects of currently high rates of interest credited to the Accounts and other current economic conditions. These economic assumptions are blended gradually into long-term economic assumptions which, from 1999, are assumed to be an interest rate on new funds of 6%, general wage increases of 5%, and an inflation rate of 3.5%. Even minor variations in these assumptions can result in a significantly higher, or lower, estimate of additional liabilities.

The following table discloses pension and related interest costs charged to expenditure in 1987-88.

	(in millions of dollars)				
	Public Service	Canadian Forces	Royal Canadian Mounted Police	1988 Total	1987 Total
Employer contributions .....	508	274	89	871	813
Indexation benefits charged directly to expenditure .....	501	314	24	839	784
Amortization of actuarial deficiencies .....		4		4 <sup>(1)</sup>	116 <sup>(1)</sup>
Interest credited to Accounts .....	3,023	1,849	288	5,160 <sup>(1)</sup>	4,501 <sup>(1)</sup>
	4,032	2,441	401	6,874	6,214

<sup>(1)</sup> Interest on pension accounts is stated, where applicable, net of amortization of actuarial deficiencies. Interest charged to the public debt represents the total of the two amounts.

In addition to the plans described above, pension obligations exist with respect to several other pension plans, the most significant of which cover all members of Parliament and federally appointed judges. The Government has estimated, using the same economic assumptions described above, that if the liabilities for these plans were determined on an actuarial basis, the reported liabilities and accumulated deficit would increase by approximately \$400 million at March 31, 1988 (\$350 million at March 31, 1987).

Details of the Accounts are reproduced in Section 8 of this volume.

## 12. Borrowings of Agent Crown Corporations

Included in borrowings of agent Crown corporations of \$14.8 billion (\$15.8 billion in 1987) are the borrowings of the Canadian Wheat Board (CWB) of \$3.8 billion (\$4 billion in 1987).

Approximately \$3.5 billion of the borrowings of the CWB have been incurred to finance credit grain sales to various countries. Terms of the credit grain sales call for payment in full within 36 months or less from time of shipment. However, certain countries are experiencing difficulties in servicing their international financial obligations. These countries owe CWB approximately \$3.2 billion (\$3.3 billion in 1987) including accrued interest. Of this amount, approximately \$1.9 billion represents original principal and \$1.3 billion represents accrued and unpaid interest. Approximately \$0.7 billion of the accrued interest has been converted to principal under rescheduling agreements.

It should be noted that, for such loans to sovereign borrowers, payment delays are not necessarily indicative of a future loss requiring an allowance. Sovereign entities and their international financial obligations do not have commercial mortality and the international system provides several mechanisms and institutions through which countries facing repayment difficulties can effect remedial measures in agreement with their creditors. At March 31, the Government and the CWB were in the process of negotiating the rescheduling of approximately \$0.7 billion in sovereign obligations including principal and accrued interest. The Government is of the opinion that these negotiations will result in no significant loss on CWB's related assets.

Therefore, the Government, as guarantor of CWB's borrowings to finance credit grain sales, has made no valuation allowance in its financial statements.

## 13. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value.

Maturing date(s)	(in millions of dollars)							
	Marketable bonds					Notes and loans	Canada bills	Total
	Canadian	Foreign currencies expressed in Canadian \$	Canada savings bonds <sup>(1)</sup>	Canada Pension Plan non-marketable bonds	Treasury bills	Foreign currencies expressed in Canadian \$	Foreign currencies expressed in Canadian \$	
1989 .....	5,300	351	6,485	6	81,050	617	1,045	94,854
1990 .....	10,024	705	5,212	4		1,105		17,050
1991 .....	8,101	506	5,293	5		181		14,086
1992 .....	9,180	687	6,180	7				16,054
1993 .....	9,598	181	7,867	7		1,229		18,882
1994/98 .....	29,770	3,152	22,286	49		794		56,051
1999/2003 .....	12,649	741		88				13,478
Subsequent .....	19,277			2,326				21,603
	103,899	6,323	53,323	2,492	81,050	3,926	1,045	252,058
Less: Government holdings of unmatured debt .....	151	12	1,086	2,492				3,741
	103,748	6,311	52,237		81,050	3,926	1,045	248,317
Effective average annual interest rate .....	10.8	7.73	9.18	9.98	8.57	8.73	6.77	9.61
Range of interest rates .....	3-18	3.625-10.125	7.75-10.5	6.4-17.51	6.9-11.1	4.875-12.5	5.96-8.74	3-18

<sup>(1)</sup> Canada savings bonds are redeemable on demand.



Foreign currency amounts are translated to the Canadian dollar equivalent at year end. At year end, foreign currency borrowings included the following:

Currency	1988	(in millions of dollars)	
		1988	1987
	Face value (in millions)	Canadian \$ equivalent	Canadian \$ equivalent
United States dollars .....	5,151	6,361	7,768
Deutsche marks .....	200	149	144
Swiss francs .....	952	861	1,082
Japanese yen <sup>(1)</sup> .....	440,000	3,923	3,016
		11,294	12,010

<sup>(1)</sup> The 1988 and 1987 Canadian \$ equivalent is comprised of the conversion of Yen debt and U.S. dollar swap risks.

Substantially all the debt of the Government is issued at fixed rates. The Government has interest rate swap agreements expiring in 1989, 1990 and 1995 on U.S. \$1.9 billion in notional principal. The Government has assumed a variable interest rate determined by the London Inter-bank Offered

Rate (LIBOR) market against a weighted average 10.58% fixed interest rate position assumed by third parties.

The Government has also entered into currency swap agreements expiring in 1991, 1992 and 1993 which have the effect of converting future exchange fluctuation risks of Yen debt totalling 180,000 million Yen to U.S. dollar risks totalling \$1,086 million.

During the year the Government has also entered into two domestic interest rate swap agreements expiring in 1992 and 1993 on \$300 million in notional principal. The interest rate on these two agreements is tied to the three-month Bankers' acceptance rate and quantified quarterly.

The proceeds of Canada's borrowings in foreign currency have been advanced to the Exchange Fund Account. Interest on all swap transactions is recorded in a consistent manner in the financial statements.

#### 14. Borrowing Authorities

The following table shows the borrowing authorities available and the use of such authorities for the years ended March 31, 1988 and 1987, and reconciles the use of such authorities to the change in unmatured debt as reported on the Statement of Assets and Liabilities.

	(in millions of dollars)						
	1988				1987		
	Available	Used	Lapsed	Available for use in subsequent years	Available	Used	Lapsed
Authorities which impose a ceiling through borrowing authority acts	25,400	21,979	3,421		28,200	26,337	163
Section 39 of the Financial Administration Act <sup>(1)</sup> .....					1,150	600	550
Total use of authorities .....	25,400	21,979	3,421		29,350	26,937	713
Net increase in unmatured debt .....		21,502				26,031	
Net change in matured Canada savings bonds not yet redeemed .....		- 93				- 87	
Change in internal holding of Government debt excluding Canada Pension Plan .....		370				593	
Foreign currency adjustments .....		200				400	
Total use of borrowing authorities .....		21,979				26,937	

<sup>(1)</sup> Authorizes the Government to borrow, for a fixed period not exceeding six months, amounts necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements.

## 15. Accounts Receivable

Non-tax accounts receivable including amounts receivable to be credited to votes represent billed but uncollected and/or unbilled and accrued financial claims arising from amounts owed to the Government for use of its assets or for services rendered as of the accounting date. Non-tax accounts receivable of the Government as at March 31, 1988, amounted to approximately \$2.1 billion (approximately \$1.9 billion in 1987) net of an allowance for doubtful accounts. Details of accounts receivable can be found in Section 4 of Volume II (Part II) of the Public Accounts.

## 16. Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories; fixed assets, purchases, operating leases and capital leases.

All contractual commitments of \$100 million or more per project are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year-end in excess of \$1 million per contract are reported.

The following amounts represent contractual commitments at March 31, 1988 which will result in substantial outlays in future years.

### i. Fixed Assets and Purchases

(in millions of dollars)		
1988 <sup>(1)</sup>		
	Total estimated cost	Out-standing commitment
Fixed assets .....	18,674	6,482
Purchases .....	1,009	251
Total .....	19,683	6,733
Outstanding commitment by year:		
1989 .....		1,484
1990 .....		1,797
1991 .....		1,282
1992 .....		745
1993 .....		531
1994/98 .....		894
		6,733

Details can be found in Section 12 of this volume.

<sup>(1)</sup> Figures for 1987 are not available.

### ii. Capital Leases

(in millions of dollars)		
	1988	1987 <sup>(1)</sup>
Scheduled minimum lease payments to be made in:		
1989 .....	57	55
1990 .....	58	54
1991 .....	56	54
1992 .....	53	52
1993 .....	53	50
1994/98 .....	267	251
1999/2003 .....	267	251
2004/08 .....	282	251
2009/13 .....	281	252
2014/18 .....	108	172
2019/23 .....	62	82
Total commitments under capital lease arrangements (minimum lease payments) .....	1,544	1,524
Less: imputed interest .....	1,075	1,074
executory costs .....	3	
Net commitments under capital lease arrangements .....	466	450

Details can be found in Section 12 of this volume.

<sup>(1)</sup> Figures for 1987 are for one year increments from 1988 to 1992 and for increments of 5 years for 1993 to 2022.

## 17. Insurance Programs

Three Crown corporations operate insurance programs as agents of Her Majesty. The insurance programs are intended to operate on a self-sustaining basis but in the event that such corporations do not have sufficient funds to meet their obligations, the Government provides the required financing through appropriations, either budgetary or non-budgetary. The Government is of the opinion that no allowance need be established in its financial statements for these insurance programs.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits with member banks and trust and loan companies for up to \$60,000 per depositor per institution. Total insured deposits at March 31, 1988 were \$211,755 million (\$200,277 million at March 31, 1987). The CDIC registered a profit for the year ended March 31, 1988 of \$133 million (in 1987, the loss was \$10 million). The deficiency of the CDIC's Deposit Insurance Fund at March 31, 1988 was \$1,136 million (\$1,269 million at March 31, 1987). The deficiency has been funded in part by loans from the Government of \$1,334 million at March 31, 1988 (\$1,203 million at March 31, 1987). Amendments to the CDIC Act effective June 30, 1987, allow for premium levels to be set by the Governor in Council, at amounts not to exceed 1/6 of 1% of insured deposits. Other amendments allow for premium surcharges in risk situations and raise the loan limits from the Consolidated Revenue Fund from \$1.5 billion to \$3 billion. The Government is of the opinion that, based on current information, this restructuring will allow CDIC, over time, to eliminate its deficiency without budgetary support from the Government.

The Canada Mortgage and Housing Corporation administers the Mortgage Insurance Fund (MIF). The MIF provides insurance for mortgage lending on Canadian housing by pri-

vate institutions. Insurance in force at March 31, 1988 was \$42,800 million (\$40,299 million at March 31, 1987). The MIF had income for the year ended March 31, 1988 of \$157 million (\$54 million in 1987). The deficiency of the MIF at March 31, 1988 was \$261 million (\$418 million at March 31, 1987). Budgetary financial assistance is provided by the Government only to the extent that internally generated funds are insufficient to support cash outflows. In this regard, the MIF's current excess of revenues over disbursements has resulted in investments in securities of \$336 million at March 31, 1988 (\$143 million in 1987).

The Export Development Corporation provides export and foreign investment insurance for the purpose of facilitating and developing export trade. Insurance in force at March 31, 1988 was \$3,160 million (\$2,643 million in 1987). The Corporation's premium revenues have been adequate to provide for the full costs of claims experienced to date and to establish an allowance for possible future claims based on past claims experience.

This information has not been audited because the three corporations have financial years other than March 31, 1988. Financial statements of these corporations and their insurance funds on a calendar year basis are reproduced in Volume III of the Public Accounts. Details of the transactions for these three insurance programs for the year ended March 31, 1988 can be found in Section 12 of this volume.

## 18. Contingent Liabilities of the Government of Canada

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. The contingent liabilities of the Government consist of explicit guarantees and potential losses arising from pending and threatened litigation relating to claims and

assessments in respect of breach of contract, damages to persons and property, and like items.

The Government has six comprehensive native land claims under negotiation which is the maximum number that may be negotiated at any one time. An additional 20 comprehensive native claims have been validated and are awaiting negotiation. A total of 100 specific native claims were also at various stages of the negotiation process as at March 31, 1988. A further 183 specific claims were under review to determine their acceptability for negotiation pursuant to the provisions of the policy on specific claims. The amount of land, financial and other benefits required to settle both comprehensive and specific native claims cannot be determined in advance of settlement and therefore no amount for such claims is included in contingent liabilities. Failure to reach an acceptable agreement could lead to future litigation cases which would then be reported as contingent liabilities.

The contingent liabilities of the Government as at March 31, 1988 amounted to \$8,625 million and are summarized in the following table:

	(in millions of dollars)	
	1988 <sup>(1)</sup>	1987
i) Explicit guarantees by the Government		
Borrowings by other than Crown corporations	4,409	3,801
Insurance programs of the Government	1,396	1,440
Other explicit guarantees	286	341
ii) Pending and threatened litigation <sup>(2)</sup>	2,534	2,640
	<b>8,625</b>	<b>8,222</b>

<sup>(1)</sup> Details can be found in Section 12 of this volume.

<sup>(2)</sup> Includes \$1.6 billion (\$1.7 billion in 1987) related to native statutory and treaty obligations. This amount represents plaintiffs' claims in 54 (46 in 1987) litigation cases. There are another 89 (96 in 1987) similar cases, for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable.



## OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

I have examined the statement of assets and liabilities of the Government of Canada as at March 31, 1988 and the statements of revenue and expenditure and accumulated deficit, transactions, and use of appropriations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary to enable me to report as required by Section 6 of the Auditor General Act.

In my opinion, these financial statements present information in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 to the financial statements applied on a basis consistent with that of the preceding year. Further, in my opinion, the statement of use of appropriations presents fairly a summary of appropriations available and used for the year ended March 31, 1988 in accordance with the accounting policies stated in Note 1(ix). However, in my opinion, because of the stated accounting policies that I consider inappropriate as outlined in Reservations 1, 2 and 3, the statements of assets and liabilities, revenue and expenditure and accumulated deficit, and transactions do not present fairly the financial position of the Government as at March 31, 1988 and the results of its operations and its financial requirements for the year then ended.

### **Reservation 1: Failure to Provide for Crown Corporation Borrowings**

In accordance with the accounting policy stated in Note 1(vii), amounts receivable from sovereign states are not reduced in value unless a state has formally repudiated its debts. The Government has used this accounting policy in determining whether assets of agent Crown corporations have sufficient value to repay corporate borrowings. If borrowings exceed the corporations' ability to repay, a liability is recorded by the Government under the accounting policy in Note 1(i). The purpose of this policy is to recognize corporate borrowings that the Government will likely have to repay.

As described in Note 12, the Canadian Wheat Board, an agent Crown corporation, has borrowed \$3.8 billion mainly to finance accounts receivable from sales of grain. The receivables include \$3.2 billion from countries that are experiencing difficulties in repaying their debts. In my judgement, sound accounting practice requires that accounts receivable be reduced in value in circumstances where receipt is uncertain. I believe that the value of the Board's assets has been impaired by at least \$1.3 billion, putting the Government at risk for at least this amount of Board borrowings. However, application of the accounting policy stated in Note 1(vii) does not permit this risk to be recognized because the countries that owe money to the Board have not formally repudiated their debts.

I believe that an appropriate allowance for Canadian Wheat Board borrowings should be recorded by the Government. If this were done, reported liabilities and accumulated deficit would be increased by at least \$1.3 billion (\$1.1 billion in 1987).



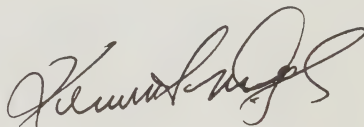
### **Reservation 2: Failure to Consolidate the Financial Statements of Crown Corporations**

As described in Note 1(i), the assets, liabilities, revenues and expenditures reported in the separate financial statements of Crown corporations are excluded from the figures shown on the face of the accompanying statements of assets and liabilities, revenue and expenditure and accumulated deficit, and transactions of the Government of Canada. As a result, I believe that the Government's financial statements do not provide a comprehensive and complete summary of the full nature and extent of the financial affairs and resources for which the Government is responsible. The Government and the Canadian Institute of Chartered Accountants are conducting studies to determine the extent to which and how the separate financial statements of Crown corporations should be consolidated with those of the Government, and the alternative presentation that would be appropriate for any not consolidated.

### **Reservation 3: Unrecorded Liabilities**

In accordance with the accounting policy stated in Note 1(v), financial obligations in respect of indexing employee pensions are not fully recorded in the accompanying statements of assets and liabilities, revenue and expenditure and accumulated deficit, and transactions of the Government of Canada. As disclosed in Note 11, if the full amount of these obligations had been recorded, reported liabilities and accumulated deficit would be increased by approximately \$4.2 billion (\$3.5 billion in 1987).

Additional information and comments on the financial statements and this opinion are included in my observations in Chapter 2 of my annual Report to Parliament.



Ottawa, Canada  
August 15, 1988

KENNETH M. DYE, F.C.A.  
*Auditor General of Canada*



# SECTION 3

1987-88  
PUBLIC ACCOUNTS

## Budgetary Revenue

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## BUDGETARY REVENUE

Budgetary revenue consists of all tax and non-tax receipts which affect the annual deficit or surplus of the Government. Revenue is generally reported in the year in which it is received, with refunds of revenue allocated to the year in which they are actually paid. Revenue is reported after deducting refunds paid and excludes amounts receivable, taxes collected on behalf of provinces and territories, and amounts credited to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

Revenue for a fiscal year, therefore, includes receipts credited to the Receiver General by the Bank of Canada and the chartered banks by March 31st, and amounts received in Government offices by March 31st, but not deposited until April, or not credited to the Receiver General until April. Revenue also includes the amounts received in the mail on the first working day of April, except where it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

The main factors affecting tax revenue are variations in economic conditions, changes in tax rates, and changes in the base on which taxes are calculated. Although a taxpayer's income tax liability relates to the income of a taxation year, advance collection of personal and corporation income taxes by payroll deductions and instalment payments result in a distribution of receipts throughout the year.

### Budgetary Revenue in 1987-88

Total net budgetary revenue from outside parties (Table 3.1) increased by 13.6% or \$11,668 million, to \$97,452 million. Tax revenue, which accounts for over 90% of total revenue, increased by \$10,869 million while non-tax revenue increased by \$799 million.

The growth in total budgetary revenue in 1987-88 largely reflects the strong performance of the Canadian economy throughout 1987 which translated into significant employment and income gains, as well as increases in consumer and business expenditures. The impact of fiscal and cash management initiatives introduced in past budgets, particularly those relating to the acceleration of source deduction remittances and asset sales, also contributed to the growth in budgetary revenue.

Personal income tax revenue, which accounts for about 46.3% of budgetary revenue, increased by \$7,247 million in

1987-88. Strong advances in employment, coupled with the impact of the source deduction acceleration initiative and a slower pace of refunds in 1987-88 than in 1986-87 were the most important factors contributing to the growth in personal income tax revenue. The source deduction acceleration initiative, announced in the February 1987 Budget and effective January 1, 1988, requires employers with average monthly remittances of \$15,000 or more to remit source deductions (income taxes, CPP contributions and unemployment insurance premiums) on a twice-monthly basis, rather than just once a month as was previously the case. This acceleration of remittances had no impact on an individual taxpayer's liability. The impact of this initiative on personal income tax revenue resulted in a one-time increase, estimated at \$1.2 billion, or about 17% of the total increase in personal income tax revenue in 1987-88. Ongoing impacts of past budget measures designed in part to restore the yield from the tax system, also impacted on the 1987-88 results. These included: the restriction of the indexation of personal income tax exemptions and tax brackets to the annual increase in the Consumer Price Index that exceeds 3%, the 3% surtax on basic federal tax and the introduction of the minimum tax. The impact of these measures was partially offset by an increase in the disability deduction, increased deductions for residents of the North and certain isolated communities, the impact of increases in the refundable Child Tax Credit and the introduction of the refundable Sales Tax Credit.

Corporation income tax collections increased by 10% to \$10,878 million in 1987-88. This increase primarily reflects the strong recovery in corporate profits, which rose by an estimated 25% in 1987. The impact of changes to the tax system introduced in past budgets also contributed to the increase in collections. These changes included: the elimination of the inventory allowance, the introduction of a 3% surtax on federal income tax payable by all corporations and a reduction in the rate of the general investment tax credits. However, the impact of the strong growth in corporate profits and tax increasing measures was offset to a considerable extent by the application of unused losses and deductions, the reduction in statutory tax rates and the extension of the refundability provisions of the investment tax credit.

In 1987-88, unemployment insurance contributions increased 9.1%, reaching a level of \$10,425 million. The increase was due to the strong gains in employment throughout 1987 and an increase in the level of insurable earnings and the impact of the twice-monthly remittance of source deductions by large employers. Premium rates, which under the

Unemployment Insurance Act, could have been increased in 1987, have remained unchanged since 1985.

Sales and excise taxes and duties increased \$1,892 million, or 9% to \$22,941 million in 1987-88. The increase in 1987-88 is largely due to the strength in consumer and business spending in 1987 and to the January 1, 1987 and April 1, 1987 increases in the excise tax on gasoline, aviation gas and diesel fuel. In addition, changes in the method of computing the motive fuel tax, designed to improve compliance and administration, the broadening of the sale tax base to include a wide range of snack foods and an increase in the specific excise taxes and duties on cigarettes and other tobacco products, contributed to increase sales and excise tax revenues. However, the impact of these factors was significantly dampened by the effect of other discretionary factors. These included: the final round of tariff rate reductions as specified under the 1979 Multilateral Trade Negotiations Agreement, reductions in the quarterly indexation factor applied to the federal sales tax rate for gasoline and diesel fuel and the elimination, effective October 1, 1986, of the Petroleum and Gas Revenue Tax.

Non-tax revenue increased 13.5% to \$6,714 million in 1987-88. Over one-half of the increase was attributable to the sale of Teleglobe Canada, while the remainder reflects increased Exchange Fund Account profits and the effect of other various cash management initiatives.

## Revenue by Main Classification and Source

Table 3.1 presents revenue by main classification and source on both a gross and net basis and segregates revenue internal to the Government from revenue received from outside parties. The difference between gross and net revenue is revenue credited to appropriations.

In this table, revenue from outside parties represents revenue received from organizations and individuals outside the Government of Canada as an accounting entity while revenue internal to the Government represents revenue generated from transactions between organizations within the accounting entity. The Government of Canada as an accounting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

Revenue credited to appropriations represents revenue that has been credited to expenditure rather than to revenue where authority has been granted by Parliament.

"Total net revenue" represents all budgetary revenue recorded in the accounts of Canada in accordance with the accounting policies of the Government. "Total gross revenue" is derived by adding to "Total net revenue" all "Revenue credited to appropriations".

TABLE 3.1

**REVENUE BY MAIN CLASSIFICATION AND SOURCE**  
(in millions of dollars)

	1987-88						
	Gross revenue			Revenue credited to appropriations		Net revenue	
	From outside parties <sup>(2)</sup>	Internal to the Government	Total	From outside parties	Internal to the Government	From outside parties <sup>(2)</sup>	Internal to the Government
			Total				Total
<b>Tax revenue—</b>							
Income tax—							
Personal .....	45,125		45,125			45,125	45,125
Corporation .....	10,878		10,878			10,878	10,878
Unemployment insurance contributions .....	10,425		10,425			10,425	10,425
Non-resident .....	1,162		1,162			1,162	1,162
	67,590		67,590			67,590	67,590
Excise taxes and duties—							
Sales tax .....	12,927	57	12,984			12,927	57
Customs import duties .....	4,385	5	4,390			4,385	5
Excise duties .....	1,459		1,459			1,459	1,459
Other .....	2,002		2,002	435		1,567	1,567
	20,773	62	20,835	435		20,338	62
Energy taxes—							
Excise tax—Gasoline .....	2,286		2,286			2,286	2,286
Petroleum and gas revenue tax .....	- 75		- 75			- 75	- 75
Excise tax—Aviation gas and diesel fuel .....	385		385			385	385
Natural gas and gas liquids tax .....							
Oil export charges .....	1		1			1	1
Petroleum compensation charge .....	54		54	54			
Canadian Ownership special charge .....	6		6			6	6
	2,657		2,657	54		2,603	2,603
	23,430	62	23,492	489		22,941	62
Other tax revenue .....	207		207			207	207
<b>Total tax revenue .....</b>	<b>91,227</b>	<b>62</b>	<b>91,289</b>	<b>489</b>		<b>90,738</b>	<b>62</b>
							90,800
<b>Non-tax revenue—</b>							
Return on investments, Table 3.2—							
Bank of Canada .....	1,844		1,844			1,844	1,844
Canada Mortgage and Housing Corporation ..	853		853			853	853
Farm Credit Corporation .....	324		324			324	324
Exchange Fund Account .....	752		752			752	752
Interest on bank deposits .....	279		279			279	279
Other return on investments .....	532	153	685	36	144	496	9
	4,584	153	4,737	36	144	4,548	9
Proceeds from sales .....	858		1,089	220	222	638	9
Refunds of previous years' expenditure .....	369	13	382			369	13
Privileges, licences and permits .....	487	5	492	206		281	5
Services and service fees .....	1,203	2,029	3,232	997	2,026	206	3
Domestic coinage .....	178		178			178	
Premium and discount on exchange .....							
Other non-tax revenue .....	688	1,184	1,872	194	1,144	494	40
	3,783	3,462	7,245	1,617	3,392	2,166	70
<b>Total non-tax revenue .....</b>	<b>8,367</b>	<b>3,615</b>	<b>11,982</b>	<b>1,653</b>	<b>3,536</b>	<b>6,714</b>	<b>79</b>
							6,793
<b>Total revenue<sup>(3)</sup> .....</b>	<b>99,594</b>	<b>3,677</b>	<b>103,271</b>	<b>2,142</b>	<b>3,536</b>	<b>97,452</b>	<b>141</b>
							97,593

(1) Less than \$500,000.

(2) Reflected on the Statement of Revenue and Expenditure and Accumulated Deficit in Section 2 of this volume.

(3) Additional details are provided in Table 6 in Section 1 of Volume II (Part I).

## 1986-87

Gross revenue			Revenue credited to appropriations		Net revenue		
From outside parties <sup>(2)</sup>	Internal to the Government	Total	From outside parties	Internal to the Government	From outside parties <sup>(2)</sup>	Internal to the Government	Total
37,878		37,878			37,878		37,878
9,885		9,885			9,885		9,885
9,558		9,558			9,558		9,558
1,355		1,355			1,355		1,355
58,676		58,676			58,676		58,676
11,972	50	12,022			11,972	50	12,022
4,187	4	4,191			4,187	4	4,191
1,470		1,470			1,470		1,470
1,803		1,803	348		1,455		1,455
19,432	54	19,486	348		19,084	54	19,138
1,279		1,279			1,279		1,279
473		473			473		473
213		213			213		213
1		1			1		1
(1)		(1)			(1)		(1)
9		9	9				
-1		-1			-1		-1
1,974		1,974	9		1,965		1,965
21,406	54	21,460	357		21,049	54	21,103
144		144			144		144
80,226	54	80,280	357		79,869	54	79,923
1,936		1,936			1,936		1,936
866		866			866		866
372		372			372		372
366		366			366		366
219		219			219		219
496	159	655	21	144	475	15	490
4,255	159	4,414	21	144	4,234	15	4,249
519	186	705	175	176	344	10	354
331	14	345			331	14	345
426		426	188		238		238
1,086	2,247	3,333	888	2,239	198	8	206
53		53			53		53
41		41	1		40		40
639	1,135	1,774	162	1,101	477	34	511
3,095	3,582	6,677	1,414	3,516	1,681	66	1,747
7,350	3,741	11,091	1,435	3,660	5,915	81	5,996
87,576	3,795	91,371	1,792	3,660	85,784	135	85,919



## Tax Revenue

The major tax changes which had an effect on the tax revenue for 1987-88 are described at the beginning of this section under the caption "Budgetary Revenue in 1987-88".

### Personal Income Tax

This tax is levied on personal income under the provisions of the Income Tax Act.

In 1987-88, personal income tax was the largest source of Government revenue. It amounted to \$45,125 million, or 46% of total net revenue.

### Corporation Income Tax

This tax is levied on corporation income under the provisions of the Income Tax Act.

Corporation income tax amounted to \$10,878 million in 1987-88, or 11% of total net revenue.

### Unemployment Insurance Contributions

This account records the contributions from employers and employees to the Unemployment Insurance Account.

### Non-Resident Income Tax

The non-resident income tax is levied on the income earned in Canada by non-residents. It is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts, paid to non-residents. It amounted to \$1,162 million in 1987-88, or 1% of total net revenue.

### Excise Taxes and Duties

Excise taxes and duties totalled \$22,941 million in 1987-88, or 24% of total net revenue.

#### *Sales tax*

The sales tax, totalling \$12,927 million in 1987-88, was the most important tax levied under the Excise Tax Act.

#### *Customs import duties*

The revenues from customs import duties, consisting mainly of *ad valorem* taxes on the importation of goods, totalled \$4,385 million in 1987-88.

#### *Excise duties*

Excise duties, which totalled \$1,459 million in 1987-88, are levied on alcoholic beverages (other than wines) and tobacco products. (Additional taxes on tobacco products and taxes on wines are levied under the Excise Tax Act.)

#### *Excise tax—Gasoline*

Net receipts from the excise tax—Gasoline were \$2,286 million in 1987-88. Under certain conditions, the amounts received may be refunded to purchasers. As of March 31, 1988, \$2,340 million was received, and \$54 million was refunded and charged to revenue.

#### *Petroleum and gas revenue tax*

The petroleum and gas revenue tax came into effect on January 1, 1981, and was applicable to net operating revenues related to the production of oil and gas. The petroleum and gas revenue tax was eliminated effective October 1, 1986.

#### *Aviation gas and diesel fuel*

This tax, which came into effect during 1985-86, is imposed on diesel fuel and aviation turbo fuel.

#### *Natural gas and gas liquids tax*

This tax, which came into effect during 1980-81, was imposed on all sales of natural gas and gas liquids. It was eliminated effective June 1, 1985.

#### *Oil export charges*

Oil export charges were collected in respect of oil produced in, and exported from, provinces.

The oil export charges were eliminated effective June 1, 1985.

#### *Canadian Ownership special charge*

This special charge was levied to increase public ownership of the oil and gas industry in Canada. It was eliminated effective June 1, 1985.

## Non-Tax Revenue

### Return on Investments

Return on investments consists mainly of interest from loans and advances, transfer of profits and surpluses, and rental income from properties.

Return on investments is summarized in Table 3.2. Commencing in 1986-87, the presentation of this table has been changed to agree the total ministerial return on investments amount as reported in Table 6 in Section 1 of Volume II (Part I) to the amount as reported in Table 3.1. The reconciling items include the Exchange Fund Account adjustment to recognize the international reserves held in the Account, and the interest on loans to the Unemployment Insurance Account and the Western Grain Stabilization Account. The return on investments internal to the Government has been deducted from the total net return on investments to obtain the total net return on investments from outside parties. Revenue credited to appropriations from outside parties has been added to the latter to obtain total gross return on investments from outside parties.

TABLE 3.2

RETURN ON INVESTMENTS<sup>(2)</sup>

(in millions of dollars)

	1987-88	1986-87	Increase or decrease (-)
Loans, investments and advances—			
Crown corporations—			
Lending institutions—			
Canada Deposit Insurance Corporation .....	117	80	37
Canada Mortgage and Housing Corporation .....	853	866	-13
Export Development Corporation .....	5	8	-3
Farm Credit Corporation .....	324	372	-48
Federal Business Development Bank .....	3	10	-7
	1,302	1,336	-34
All other Crown corporations—			
Air Canada .....	12	14	-2
Atomic Energy of Canada Limited .....	62	63	-1
Canadian National Railway Company .....	17	18	-1
Other—			
Bank of Canada .....	1,844	1,936	-92
Canadian Dairy Commission .....	4	7	-3
Eldorado Nuclear Limited .....	1		1
Northern Canada Power Commission .....	16	15	1
Royal Canadian Mint .....	15	4	11
Telelobe Canada .....	17	(1)	17
Vancouver Port Corporation .....	(1)	6	-6
Miscellaneous .....	7	15	-8
	1,995	2,079	-83
	3,297	3,414	-117
Provincial and territorial governments .....	79	94	-15
National governments including developing countries .....	45	55	-10
International organizations .....		(1)	(1)
Veterans' Land Act Fund—Advances .....	7	9	-2
Joint and mixed enterprises .....	3	7	-4
Miscellaneous .....	23	2	21
	157	167	-10
	3,454	3,581	-127
Foreign exchange accounts—			
Exchange Fund Account .....	752	366	386
International Monetary Fund—Subscriptions .....	6	9	-3
	758	375	383
Cash—			
Interest on bank deposits .....	279	219	60
Other accounts—			
Interest on investment <i>re:</i> military purchases .....	25	24	1
Government's holdings of unmaturred debt .....	23	18	5
Baie Verte Mines .....		6	-6
Supply revolving fund .....	6	6	
Other .....	12	20	-8
	66	74	-8
Total net return on investments .....	4,557	4,249	308
Return on investments internal to the Government .....	-9	-15	6
Total net return on investments from outside parties .....	4,548	4,234	314
Revenue credited to appropriations from outside parties .....	36	21	15
Total gross return on investments from outside parties .....	4,584	4,255	329

<sup>(1)</sup> Less than \$500,000.<sup>(2)</sup> Additional details are provided in Table 6 in Section I of Volume II (Part I).

### Proceeds from Sales

Proceeds from sales totalled \$638 million in 1987-88. Of this amount, \$509 million results from the Government's policy of privatization.

In accordance with its policy of privatization, the Government sold to the private sector all or part of the share capital or assets of a number of Crown and other corporations. The proceeds from these sales were included in non-tax revenue and relate to transactions occurring in 1987-88 except where otherwise disclosed. Table 3.3 presents the proceeds from sales resulting from the privatization.

TABLE 3.3

### PROCEEDS FROM SALES RESULTING FROM PRIVATIZATION (in millions of dollars)

Name of corporation sold <sup>(1)</sup>	Status	Date of sale	1987-88 Amount
Teleglobe Canada <sup>(2)</sup>	Crown corporation	April 1987	423
Canadair Limited <sup>(3)</sup>	Crown corporation	December 1986	57
Canada Development Corporation <sup>(4)</sup>	Joint and mixed enterprise	June 1987	26
Variety Corporation <sup>(5)</sup>	Investment of the Canada Development Investment Corporation, a Crown corporation	February 1988	3
			509

<sup>(1)</sup> An amount of \$104 million was received during the year from Fishery Products International Limited in consideration for the assets of 125459 Canada Limited, its parent corporation established for the purpose of restructuring the Newfoundland fishery. Such assets were valued on the books of the Government at \$167 million. The difference, \$63 million, was charged to expenditure with no impact on the deficit, since this amount had been previously fully provided for in the Government's allowance for loans, investments and advances.

<sup>(2)</sup> When privatized, the Government received a total of \$611 million from Teleglobe Canada, Memotec Data Inc. as well as from its subsidiary Teleglobe Canada Inc. From total proceeds, \$129 million represented corporate income taxes from the latter two companies as a result of the sale and \$37 million was applied to cover contingency and selling costs. An amount of approximately \$20 million has yet to be recorded. The balance of \$423 million was credited to non-tax revenue.

<sup>(3)</sup> Prior to its sale, Canadair Limited declared and paid a dividend of \$57 million to the Canada Development Investment Corporation (CDIC) which was subsequently remitted to the Government in the current fiscal year.

<sup>(4)</sup> The amount of \$26 million represents the difference between the proceeds from the sale of \$120 million and the cost to the Government's remaining 8,886,434 shares, which were recorded at \$94 million.

<sup>(5)</sup> The amount of \$3 million represents the sale of this Corporation's warrants which were acquired by CDIC as a result of the 1986 reorganization of Massey Ferguson.

# SECTION 4

1987-88  
PUBLIC ACCOUNTS

## Estimates and Appropriations

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Source and disposition of authorities—Annual and statutory	4.3

## ESTIMATES AND APPROPRIATIONS

## Parliamentary Spending Authorities

The Government submits its spending proposals to Parliament in the annual Estimates. During the year, the Government may request further appropriations. The initial request is called the "Main Estimates" and additional requests are called "Supplementary Estimates". With these Estimates, the Government requests authority for that part of the proposed spending which is not already provided by other statutes. The amounts making up the total of such proposed spending are authorized in appropriation acts and are generally referred to as "annual" authorities. The balance of the planned spending is made under authority of other statutes which authorize disbursements for specified purposes, and for such amounts and time periods as are set by those acts. The proposed or estimated uses of most of these "statutory" authorities for the current year are included in the Estimates for information purposes; however, they are not included in appropriation acts because they have already been authorized by Parliament.

Annual authorities, with few exceptions, lapse at the end of the year if not used, while statutory authorities, with few

exceptions, are carried forward to future years. Those authorities which extend to subsequent years are referred to as "non-lapsing".

Both the budgetary expenditure amounts and the non-budgetary requirements for loans, investments and advances are included under each type of spending authority, annual and statutory.

Table 4.1 presents, for the year ended March 31, 1988, a summary of parliamentary spending authorities requested and approved (annual authority), and estimated uses of authorities already granted (statutory authority).

A Statement of Use of Appropriations by ministry, as examined by the Auditor General, is presented in Section 2 of this volume. Additional details on the use of appropriations by ministry and by type (annual and statutory) are given in Section 1 (Table 3) of Volume II (Part I), and in the ministerial sections of the same volume.

TABLE 4.1

PARLIAMENTARY SPENDING AUTHORITIES  
(in millions of dollars)

	Authority		
	Annual	Statutory	Total
<b>ESTIMATES</b>			
Spending proposals presented to Parliament:			
Main Estimates—Budgetary .....	37,827	72,314	110,141
Non-budgetary .....	<b>59</b>	<b>- 128</b>	<b>- 69</b>
Supplementary Estimates (A)—Budgetary .....	700		700
Supplementary Estimates (B)—Budgetary .....	583		583
Non-budgetary .....	<b>110</b>		<b>110</b>
Supplementary Estimates (C)—Budgetary .....	1,872	999	2,871
Non-budgetary .....	<b>9</b>	<b>14</b>	<b>23</b>
Supplementary Estimates (D)—Budgetary .....	804		804
Supplementary Estimates (E)—Budgetary .....	729	873	1,602
Non-budgetary .....	<b>31</b>	<b>10</b>	<b>41</b>
Total—Budgetary .....	42,515	74,186	116,701
Non-budgetary .....	<b>209</b>	<b>- 104</b>	<b>105</b>
<b>APPROPRIATIONS</b>			
Granted by Parliament in appropriation acts:			
Appropriation Act No. 1—Budgetary <sup>(1)</sup> .....	10,444		
Non-budgetary <sup>(1)</sup> .....	<b>15</b>		
Appropriation Act No. 2—Budgetary .....	700		
Appropriation Act No. 3—Budgetary <sup>(1)</sup> .....	27,383		
Non-budgetary <sup>(1)</sup> .....	<b>44</b>		
Appropriation Act No. 4—Budgetary .....	2,455		
Non-budgetary .....	<b>119</b>		
Appropriation Act No. 5—Budgetary .....	804		
Appropriation Act No. 6—Budgetary .....	729		
Non-budgetary .....	<b>31</b>		
Total—Budgetary .....	42,515		
Non-budgetary .....	<b>209</b>		

Amounts in roman type are budgetary.

Amounts in **bold face** type are non-budgetary loans, investments and advances.

<sup>(1)</sup> Appropriation Acts No. 1 and No. 3 represent the total amount of the Main Estimates.



## Source and Disposition of Authorities— Annual and Statutory

Budgetary appropriations provide spending authority for those transactions which enter into the calculation of the annual deficit or surplus of the Government. Non-budgetary appropriations provide spending authority for all transactions which result in the acquisition or disposal of loans, investments and advances. Balances of appropriations brought forward from the previous years are available for spending, together with current increases to such authorities.

The totals of these authorities are reduced by the amount of their current year use to determine the balances which lapse, are overexpended or are carried forward to future years, depending upon the type of authority. In cases where the spending of loan repayments is authorized, the non-budgetary spending is reported net of such repayments.

Table 4.2 presents details of the total available parliamentary spending authorities. They include authorities available from previous years, parliamentary spending authorities as per Table 4.1 and various adjustments which are explained in the notes to the table.

Table 4.3 presents a summary of the source and disposition of authorities by type (annual and statutory) for the year ended March 31, 1988.

Further ministerial details are presented in Section 1 (Table 3) of Volume II (Part I).

TABLE 4.2

### TOTAL AVAILABLE PARLIAMENTARY SPENDING AUTHORITIES (in millions of dollars)

	Available from previous years	Main and Supplementary Estimates	Adjustments and transfers <sup>(1)</sup>	Total available parliamentary spending authorities
Annual—Budgetary .....	22	42,515	— 85	42,452
Non-budgetary .....	<b>1,861</b>	<b>209</b>	<b>470</b>	<b>2,540</b>
Statutory—Budgetary .....	903	74,186	717	75,806
Non-budgetary .....	<b>25,403</b>	<b>— 104</b>	<b>2,264</b>	<b>27,563</b>
Total—Budgetary .....	925	116,701	632	118,258
Non-budgetary .....	<b>27,264</b>	<b>105</b>	<b>2,734</b>	<b>30,103</b>

Amounts in roman type are budgetary.

Amounts in **bold face** type are non-budgetary loans, investments and advances.

<sup>(1)</sup> These adjustments and transfers include items such as:

- (a) reserved allotments established to provide payment authority for the overexpenditure of previous year's appropriations which resulted from Payables at Year End (PAYE);
- (b) adjustments to items displayed in the Estimates on an informational basis to reflect actual spending and of certain authorities carried forward to reflect authorities available; and,
- (c) adjustments to authorities granted in statutes other than appropriation acts.

Further details can be obtained by referring to the adjustments and transfers column of the Ministry Summary in the ministerial sections of Volume II (Part I).

TABLE 4.3

### SOURCE AND DISPOSITION OF AUTHORITIES—ANNUAL AND STATUTORY (in millions of dollars)

	Total available for use <sup>(1)</sup>	Used	Lapsed	Overexpended	Available for use in subsequent years
Annual—Budgetary .....	42,452	41,006	1,519	— 96	23
Non-budgetary .....	<b>2,540</b>	<b>603</b>	<b>83</b>		<b>1,854</b>
Statutory—Budgetary .....	75,806	74,104	584		1,118
Non-budgetary .....	<b>27,563</b>	<b>325</b>	<b>42</b>		<b>27,196</b>
Total—Budgetary .....	118,258	115,110	2,103	— 96	1,141
Non-budgetary .....	<b>30,103</b>	<b>928</b>	<b>125</b>		<b>29,050</b>

Amounts in roman type are budgetary.

Amounts in **bold face** type are non-budgetary loans, investments and advances.

<sup>(1)</sup> Represents total available parliamentary spending authorities (Table 4.2).



# SECTION 5

## 1987-88 PUBLIC ACCOUNTS

### Budgetary Expenditure

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## BUDGETARY EXPENDITURE

Budgetary expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. Such charges include those for work performed, goods received, services rendered, and transfer payments made, during the year and in the supplementary period including accounts payable at year end. In addition, budgetary expenditure may also include charges related to the provision for valuation of loans, investments and advances, the allowance for borrowings of agent Crown corporations, and accounts payable and other allowances related to statutory items and annual appropriations. As well, net expenditures of the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are also included.

Expenditure excludes amounts charged to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

### Budgetary Expenditure in 1987-88

Total net budgetary expenditure with outside parties increased 7.9% to \$125,535 million compared to an increase of 4.6% in 1986-87. Most of the acceleration in the rate of growth was attributable to higher public debt charges and the impact of the low grain prices on farm incomes which has resulted in increased payments under various farm income support programs and additional assistance under the Special Canadian Grains programs.

Public debt charges, which account for 23.1% of total Government spending, rose \$2,370 million, or 8.9%, to \$29,028 million in 1987-88. The increase in public debt charges largely reflects the higher stock of debt as interest rates were marginally lower.

Total program expenditures — that is — total Government spending excluding public debt charges — increased 7.6% to \$96,507 million. Major contributors to the increase in program spending included increased subsidy payments to farmers, higher old age security benefits, increased fiscal transfers to provinces and higher expenditures on defence and foreign assistance. Dampening the overall increase in program spending was the impact of the various restraint measures that the Government has introduced since November 1984. These included the phasing-out and reduction of various expenditure programs, limits on indexation, reductions in the number of person-years and other actions taken to control direct operating costs.

The Social Development envelope accounts for about 60% of program spending. A large portion of spending in this envelope is formula-funded or demand-driven, with changes reflecting developments in economic activity and the underlying population bases. In 1987-88, spending increased by 3.8% to \$56,636 million. Nearly one-half of the increase was due to higher old age security benefits, reflecting increases in the eligible population and in the level of benefits which are indexed to quarterly changes in the consumer price index. Other major contributors included increased assistance to the various housing programs and higher transfers to provinces under the

Canada Assistance Plan. In contrast, the strength in the economy and the accompanying improvements in the labour market situation restrained the growth in unemployment insurance benefits. Although total entitlements under Established Programs Financing increased by about 5%, the strength in the economy and the accompanying effect on tax bases resulted in an increase in the value of tax points, which moderated the growth in direct cash transfers.

The largest increase occurred in the Economic and Regional Development envelope. After recording declines in both 1985-86 and 1986-87, spending in this envelope increased by 20.7% to \$14,232 million in 1987-88. Most of the increase was due to higher expenditures under the various agricultural assistance programs, triggered by the sharp drop in world grain prices largely provoked by the subsidy conflict between the United States and the European Economic Community countries. Substantially higher payouts were made under the Western Grain Stabilization Act. In addition, the Government introduced in 1986 the Special Canadian Grains Program as an income support program to farmers hard hit by the lower grain prices. For the 1986 and 1987 crop years, total payments amounted to \$2.1 billion of which \$1.5 billion was paid in fiscal year 1987-88. In addition, increased payments were also made under the Western Grain Transportation Act. Dampening the impact of these increases was the continuing impact of the elimination and phase-out of various energy-related programs as prescribed under the Western Energy Accord. Payments under the Petroleum Incentives Program declined \$794 million to \$154 million, while a surplus of \$60 million was recorded in the Petroleum Compensation Account.

The Fiscal Arrangements envelope increased by 11.2% to \$7,007 million, largely due to a large increase in equalization payments. This largely reflects the impact of robust economic growth on overall provincial revenues which had the effect of raising the five-province standard used in the equalization formula.

The External Affairs and Aid envelope rose by 18.9%. This increase largely reflects Canada's commitment to increase its Official Development Assistance disbursements at 0.5% of Gross National Product.

National Defence expenditures rose by \$776 million, or 7.8%, to \$10,769 million. This growth reflects Canada's commitment to its NATO allies, to increase defence spending by 2% per year in real terms, while the services to Government envelope advanced by 5.5% in 1987-88.

### Expenditure by Envelope

The increasing complexity of Government responsibilities and the limited resources available to meet those responsibilities led to the Policy and Expenditure Management System (PEMS). Under this system, the Government manages the resources available to it by "envelope". Each envelope represents the resources allocated to a particular policy sector for all elements of ministerial spending relating to that sector.

**Expenditure by Envelope and Source**

Table 5.1 presents expenditure by envelope and source. The table is presented on both a gross and a net basis and segregates expenditure with outside parties from expenditure internal to the Government. The difference between gross and net expenditure is revenue credited to appropriations.

In this table, expenditure with outside parties represents expenditure incurred as a result of transactions with organizations and individuals outside the Government of Canada as an accounting entity while expenditure internal to the Government represents expenditure incurred as a result of transactions between organizations within the accounting entity. The

Government of Canada as an accounting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

Revenue credited to appropriations represents revenue that has been credited to budgetary expenditure rather than budgetary revenue where such authority has been granted by Parliament.

"Total net expenditure" represents all budgetary expenditure recorded in the accounts of Canada in accordance with the accounting policies of the Government. "Total gross expenditure" is derived by adding to "Total net expenditure" all "Revenue credited to appropriations".

**TABLE 5.1****EXPENDITURE BY ENVELOPE AND SOURCE**  
(in millions of dollars)

	1987-88							
	Gross expenditure			Revenue credited to appropriations		Net expenditure		
	With outside parties <sup>(2)</sup>	Internal to the Government	Total	From outside parties	Internal to the Government	With outside parties <sup>(2)</sup>	Internal to the Government	Total
Social development—								
Old age security benefits, guaranteed income supplements and spouses' allowances .....	14,349		14,349			14,349		14,349
Unemployment insurance benefits .....	10,487		10,487			10,487		10,487
Established programs financing—								
Insurance and medical care services ..	6,558		6,558			6,558		6,558
Education support .....	2,242		2,242			2,242		2,242
Canada Assistance Plan .....	4,246		4,246			4,246		4,246
Family allowances .....	2,564		2,564			2,564		2,564
Justice and legal .....	2,755	18	2,773	437	9	2,318	9	2,327
Social assistance—Indians and Inuit .....	2,330	1	2,331			2,330	1	2,331
Direct job creation and training .....	1,929	1	1,930			1,929	1	1,930
Veterans benefits .....	1,609		1,609			1,609		1,609
Housing .....	1,885		1,885			1,885		1,885
Television, film and radio .....	1,097		1,097			1,097		1,097
Other .....	5,081	1,018	6,099	59	1,012	5,022	6	5,028
	57,132	1,038	58,170	496	1,021	56,636	17	56,653
Economic and regional development .....	15,231	327	15,558	999	291	14,232	36	14,268
Defence .....	11,074	72	11,146	305	21	10,769	51	10,820
Fiscal arrangements .....	7,007		7,007			7,007		7,007
Services to Government .....	4,513	2,234	6,747	319	2,202	4,194	32	4,226
External affairs and aid .....	3,461	4	3,465	23	1	3,438	3	3,441
Parliament .....	231		231			231		231
Total program expenditure .....	98,649	3,675	102,324	2,142	3,536	96,507	139	96,646
Public debt, Table 5.3 .....	29,028	2	29,030			29,028	2	29,030
Total expenditure <sup>(3)</sup> .....	127,677	3,677	131,354	2,142	3,536	125,535	141	125,676

(1) Less than \$500,000.

(2) Reflected on the Statement of Revenue and Expenditure and Accumulated Deficit in Section 2 of this volume.

(3) Additional information is provided in Table 4 in Section 1 of Volume II (Part I).

1986-87						
Gross expenditure			Revenue credited to appropriations		Net expenditure	
With outside parties <sup>(2)</sup>	Internal to the Government	Total	From outside parties	Internal to the Government	With outside parties <sup>(2)</sup>	Internal to the Government
		Total				Total
13,445		13,445			13,445	
10,444		10,444			10,444	
6,607		6,607			6,607	
2,232		2,232			2,232	
4,051		4,051			4,051	
2,534		2,534			2,534	
2,598	41	2,639	421	36	2,177	5
2,238		2,238			2,238	
1,939	2	1,941			1,939	2
1,586		1,586			1,586	
1,454		1,454			1,454	
1,025	1	1,026			1,025	1
4,906	988	5,894	68	983	4,838	5
55,059	1,032	56,091	489	1,019	54,570	13
12,625	325	12,950	833	293	11,792	32
10,270	74	10,344	277	24	9,993	50
6,302		6,302			6,302	
4,148	2,359	6,507	173	2,324	3,975	35
2,912	1	2,913	20	(1)	2,892	1
207		207			207	
91,523	3,791	95,314	1,792	3,660	89,731	131
26,658	4	26,662			26,658	4
118,181	3,795	121,976	1,792	3,660	116,389	135
						116,524

## Details of Expenditure by Envelope

Table 5.2 presents expenditure with outside parties on both a gross and net basis for major elements within each envelope.

TABLE 5.2

## DETAILS OF EXPENDITURE BY ENVELOPE

(in millions of dollars)

	1988		1987	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
<b>SOCIAL DEVELOPMENT</b>				
<b>COMMUNICATIONS—</b>				
Department: cultural affairs .....	142	134	105	105
Canada Council .....	97	97	86	86
Canadian Broadcasting Corporation .....	887	887	855	855
Canadian Film Development Corporation .....	122	122	86	86
Canadian Radio-television and Telecommunications Commission .....	27	27	26	26
National Archives of Canada .....	46	46	51	51
National Arts Centre Corporation .....	16	16	15	15
National Film Board .....	66	66	70	60
National Library .....	36	36	36	36
National Museums of Canada .....	101	101	86	85
<b>EMPLOYMENT AND IMMIGRATION—</b>				
Department/Commission .....	13,353	13,353	13,390	13,390
Immigration Appeal Board .....	12	12	8	8
<b>ENVIRONMENT</b> .....	774	774	751	751
<b>INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—</b>				
Department .....	2,732	2,732	2,641	2,641
Northern Canada Power Commission .....	33	33		
<b>JUSTICE—</b>				
Department .....	394	394	175	175
Canadian Human Rights Commission .....	10	10	10	10
Commissioner for Federal Judicial Affairs .....	131	131	112	112
Federal Court of Canada .....	11	11	10	10
Law Reform Commission of Canada .....	4	4	4	4
Offices of the Information and Privacy Commissioners of Canada .....	4	4	4	4
Supreme Court of Canada .....	8	8	7	7
Tax Court of Canada .....	4	4	3	3
<b>LABOUR—</b>				
Canadian Centre for Occupational Health and Safety .....	8	8	8	8
<b>NATIONAL HEALTH AND WELFARE—</b>				
Department .....	28,841	28,790	27,660	27,603
Medical Research Council .....	175	175	168	168
<b>PUBLIC WORKS—</b>				
Canada Mortgage and Housing Corporation .....	1,548	1,548	1,454	1,454
<b>SECRETARY OF STATE—</b>				
Department .....	3,177	3,177	3,145	3,145
Advisory Council on the Status of Women .....	3	3	2	2
Social Sciences and Humanities Research Council .....	70	70	70	70
Status of Women—Office of the Co-ordinator .....	3	3	2	2
<b>SOLICITOR GENERAL—</b>				
Department .....	26	26	137	137
Canadian Security Intelligence Service .....	136	136	132	132
Correctional Service .....	747	747	745	745
National Parole Board .....	18	18	16	16
Royal Canadian Mounted Police .....	1,378	941	1,239	818
<b>VETERANS AFFAIRS</b> .....	1,609	1,609	1,586	1,586
Provision for valuation .....	56,749	56,253	54,895	54,406
	383	383	164	164
	57,132	56,636	55,059	54,570



TABLE 5.2

## DETAILS OF EXPENDITURE BY ENVELOPE—Continued

(in millions of dollars)

	1988		1987	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
<b>ECONOMIC AND REGIONAL DEVELOPMENT</b>				
<b>AGRICULTURE—</b>				
Department .....	4,621	4,607	3,347	3,334
Canadian Dairy Commission .....	4	4	5	5
Canadian Livestock Feed Board .....	19	19	17	17
Farm Credit Corporation .....	15	15	5	5
<b>ATLANTIC CANADA OPPORTUNITIES AGENCY .....</b>	<b>82</b>	<b>82</b>		
<b>COMMUNICATIONS—</b>				
Department: excluding cultural affairs .....	182	167	173	162
<b>CONSUMER AND CORPORATE AFFAIRS—</b>				
Department .....	156	156	158	158
Competition Tribunal .....	1	1	1	1
Hazardous Materials Information Review Commission .....	(1)	(1)		
Patented Medicine Prices Review Board .....	1	1		
Restrictive Trade Practices Commission .....			1	1
Standards Council of Canada .....	7	7	7	7
<b>ENERGY, MINES AND RESOURCES—</b>				
Department .....	1,089	1,035	1,536	1,526
Atomic Energy Control Board .....	23	23	22	22
Atomic Energy of Canada Limited .....	175	175	218	218
National Energy Board .....	25	25	25	25
<b>EXTERNAL AFFAIRS—</b>				
Department: program for export market development .....	19	19	24	24
Canadian Commercial Corporation .....	22	22	16	16
Export Development Corporation .....	29	29		
<b>FISHERIES AND OCEANS .....</b>	<b>602</b>	<b>602</b>	<b>572</b>	<b>572</b>
<b>INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—</b>				
Western Diversification Office .....	52	52		
<b>LABOUR—</b>				
Department .....	234	207	213	191
Canada Labour Relations Board .....	7	7	6	6
<b>REGIONAL INDUSTRIAL EXPANSION—</b>				
Department .....	1,233	1,233	1,160	1,160
Cape Breton Development Corporation .....	102	102	164	164
Federal Business Development Bank .....	78	78	55	55
Investment Canada .....	9	9	9	9
<b>SCIENCE AND TECHNOLOGY—</b>				
Ministry of State .....	46	30	16	16
National Research Council of Canada .....	423	423	428	409
Natural Sciences and Engineering Research Council .....	338	338	320	320
Science Council of Canada .....	3	3	3	3
<b>SUPPLY AND SERVICES—</b>				
Department: unsolicited proposals for research and development and public awareness .....	20	20	19	19
<b>TRANSPORT—</b>				
Department .....	4,400	3,527	3,150	2,392
Canadian Aviation Safety Board .....	16	16	14	14
Civil Aviation Tribunal .....	1	1	1	1
Grain Transportation Agency Administrator .....	6	6	3	3
National Transportation Agency .....	1,155	1,155	882	882
Northern Pipeline Agency .....	(1)	(1)	1	1
	15,195	14,196	12,571	11,738
Provision for valuation .....	36	36	54	54
	15,231	14,232	12,625	11,792

TABLE 5.2

DETAILS OF EXPENDITURE BY ENVELOPE—Continued  
(in millions of dollars)

	1988		1987	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
<b>DEFENCE</b>				
NATIONAL DEFENCE .....	10,810	10,505	10,013	9,736
Provision for valuation .....	264	264	257	257
	11,074	10,769	10,270	9,993
<b>FISCAL ARRANGEMENTS</b>				
FINANCE—				
Department—				
Fiscal transfer payments program .....	6,473	6,473	5,801	5,801
PUBLIC WORKS—				
Department: municipal grants .....	273	273	247	247
SUPPLY AND SERVICES—				
Department: reciprocal taxation .....	261	261	256	256
	7,007	7,007	6,304	6,304
Provision for valuation .....			- 2	- 2
	7,007	7,007	6,302	6,302
<b>SERVICES TO GOVERNMENT</b>				
CONSUMER AND CORPORATE AFFAIRS—				
Canada Post Corporation .....	387	387	431	431
FINANCE—				
Department—				
Financial and economic policies program: excluding development assistance .....	176	146	85	85
Canadian Import Tribunal program .....	2	2	2	2
Special program .....	4	4	6	6
Auditor General .....	45	45	43	43
Office of the Superintendent of Financial Institutions .....	1	1	28	28
Tariff Board .....	3	3	3	3
GOVERNOR GENERAL .....	8	8	8	8
NATIONAL REVENUE—				
Customs and Excise .....	483	483	451	451
Taxation .....	869	817	815	762
PRIVY COUNCIL—				
Department .....	44	44	45	45
Canadian Intergovernmental Conference Secretariat .....	3	3	3	3
Chief Electoral Officer .....	11	11	10	10
Commissioner of Official Languages .....	11	11	10	10
Economic Council of Canada .....	9	9	9	9
Public Service Staff Relations Board .....	8	8	8	8
Security Intelligence Review Committee .....	1	1	1	1
PUBLIC WORKS—				
Department: excluding municipal grants .....	1,024	978	954	898
Defence Construction (1951) Limited .....	14	14	13	13
National Capital Commission .....	103	103	62	62

TABLE 5.2

**DETAILS OF EXPENDITURE BY ENVELOPE—Concluded**  
(in millions of dollars)

	1988		1987	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
<b>SECRETARY OF STATE—</b>				
Public Service Commission .....	124	124	123	123
<b>SUPPLY AND SERVICES—</b>				
Department: excluding reciprocal taxation, unsolicited proposals for research and development, and public awareness .....	416	225	296	238
Statistics Canada .....	222	222	302	296
<b>TREASURY BOARD—</b>				
Secretariat .....	368	368	305	305
Comptroller General .....	13	13	13	13
Privatization and Regulatory Affairs .....	75	75	5	5
	4,424	4,105	4,031	3,858
Provision for valuation .....	89	89	117	117
	4,513	4,194	4,148	3,975
<b>EXTERNAL AFFAIRS AND AID</b>				
<b>ENERGY, MINES AND RESOURCES—</b>				
Petro-Canada International Assistance Corporation .....	68	68	29	29
<b>EXTERNAL AFFAIRS—</b>				
Department: excluding program for export market development .....	928	905	818	798
Canadian Institute for International Peace and Security .....	4	4	3	3
Canadian International Development Agency .....	2,067	2,067	1,900	1,900
International Centre for Ocean Development .....	6	6	4	4
International Development Research Centre .....	108	108	100	100
International Joint Commission .....	4	4	3	3
<b>FINANCE—</b>				
Department—				
Financial and economic policies program: development assistance .....	257	257	150	150
	3,442	3,419	3,007	2,987
Provision for valuation .....	19	19	— 95	— 95
	3,461	3,438	2,912	2,892
<b>PARLIAMENT</b>				
<b>PARLIAMENT—</b>				
The Senate .....	32	32	29	29
House of Commons .....	178	178	161	161
Library of Parliament .....	12	12	12	12
	222	222	202	202
Provision for valuation .....	9	9	5	5
	231	231	207	207
<b>PUBLIC DEBT</b>				
<b>FINANCE—</b>				
Department—				
Public debt program .....	29,028	29,028	26,658	26,658
Total expenditure before provision for valuation .....	126,877	124,735	117,681	115,889
Provision for valuation .....	800	800	500	500
<b>TOTAL</b> .....	127,677	125,535	118,181	116,389

(1) Less than \$500,000.

## SUPPLEMENTARY STATEMENTS

## Public Debt Charges

Public debt charges include interest on unmatured debt (including Canada and Treasury bills), on specified purpose accounts and on other accounts, cost of issuing new loans, amortization of bond discounts, premiums and commissions, and the costs of servicing the public debt.

The increase of \$1,777 million in public debt charges related to unmatured debt is commensurate with an increase in the debt, which rose from \$229,491 million at March 31, 1987 to \$252,058 million at March 31, 1988. The increase of \$591 million in public debt charges related to specified purpose accounts was due mainly to an increase in the balances of superannuation accounts.

A comparative summary of public debt charges is presented in Table 5.3. Commencing in 1986-87, changes in the presentation of the table have been made in order to disclose in greater detail the consolidated specified purpose accounts and the reconciling items between total public debt charges as reported in the Finance ministerial section (Section 10) of Volume II (Part I) and the total net expenditure of the public debt envelope as per Table 5.1. The reconciling items include the expenditure of the consolidated specified purpose accounts. Expenditure internal to the Government has been deducted from the total net expenditure of the public debt envelope to obtain the total net expenditure with outside parties. Since no portion of revenue credited to appropriations applies to the public debt envelope, the total gross public debt envelope is identical to the total net public debt envelope.

TABLE 5.3

PUBLIC DEBT CHARGES<sup>(2)</sup>  
(in millions of dollars)

	1987-88	1986-87	Increase or decrease (-)
Unmatured debt—			
Marketable bonds—			
Payable in Canadian currency .....	11,023	10,142	881
Payable in foreign currencies .....	462	455	7
	11,485	10,597	888
Canada savings bonds .....	4,699	4,419	280
Special non-marketable bonds—			
Canada Pension Plan Investment Fund .....	233	136	97
Treasury bills .....	6,438	5,801	637
Notes and loans—			
Payable in foreign currencies .....	366	539	-173
Canada bills .....	94	30	64
Servicing costs and costs of issuing new loans .....	50	66	-16
Total public debt charges related to unmatured debt .....	23,365	21,588	1,777
Specified purpose accounts—			
Superannuation accounts .....	5,163	4,616	547
Government Annuities Account .....	68	70	-2
Canada Pension Plan Account .....	184	156	28
Deposit and trust accounts .....	102	94	8
Other .....	69	59	10
Total public debt charges related to specified purpose accounts .....	5,586	4,995	591
Consolidated specified purpose accounts—			
Unemployment Insurance Account .....	4	3	1
Western Grain Stabilization Account .....	(1)	1	-1
Agricultural Commodities Stabilization Accounts .....	6	2	4
Total public debt charges related to consolidated specified purpose accounts .....	10	6	4
Total public debt charges related to other accounts .....	79	79	
Total public debt charges <sup>(3)</sup> .....	29,040	26,668	2,372
Less:			
Total public debt charges related to consolidated specified purpose accounts .....	10	6	4
Total net/gross expenditure of the public debt envelope .....	29,030	26,662	2,368
Less:			
Expenditure internal to the Government—Interest on Government's holdings of unmatured debt .....	2	4	-2
Total net/gross expenditure with outside parties of the public debt envelope .....	29,028	26,658	2,370

<sup>(1)</sup> Less than \$500,000.<sup>(2)</sup> Additional details are provided in Table 4 in Section 1 of Volume II (Part I).<sup>(3)</sup> Additional details are provided in Section 8 of Volume II (Part II).



## Expenditure under Statutory Authority

The spending authority provided by statutory appropriations is for specified purposes and for such amounts and such time as the acts prescribe. This spending authority does not generally lapse at the end of the year in which it is granted. Expenditure under such authority accounts for more than half of the total net expenditure each year.

Table 5.4 presents a comparative summary of these statutory expenditures. Commencing in 1986-87, changes in the presentation of the table have been made in order to disclose

the reconciling items between the total ministerial expenditure under statutory authority and the total net statutory expenditure. The reconciling items include the statutory expenditure of the consolidated specified purpose accounts and the provision for valuation. Expenditure internal to the Government has been deducted from the total net statutory expenditure to obtain the total net statutory expenditure with outside parties. Revenue credited to appropriations from outside parties has been added to the latter to obtain the total gross statutory expenditure with outside parties.

TABLE 5.4

### EXPENDITURE UNDER STATUTORY AUTHORITY (in millions of dollars)

	1987-88	1986-87	Increase or decrease ( - )
Public debt charges .....	29,040	26,668	2,372
Old age security payments .....	10,248	9,520	728
Payments for insured health services and extended health care services .....	6,558	6,621	-63
Federal-provincial fiscal arrangements and public utilities .....	6,473	5,801	672
Canada Assistance Plan payments .....	4,246	4,001	245
Guaranteed income supplement payments .....	3,618	3,451	167
Family allowance payments .....	2,564	2,535	29
Government's contribution to the Unemployment Insurance Account .....	2,443	2,710	-267
Post-secondary education payments to provinces .....	2,242	2,232	10
Payments to railway companies under the Western Grain Transportation Act .....	941	672	269
Spouse's allowance payments .....	483	473	10
Interest payments under the Canada Student Loans Act .....	369	351	18
Canadian exploration and development incentive .....	350		350
Grants to municipalities and other taxing authorities .....	273	247	26
Reciprocal taxation .....	261	256	5
Payments to International Development Association .....	245	141	104
Government's contribution in respect of fishermen's benefits .....	229	201	28
Contributions to the provinces under the Crop Insurance Act .....	181	213	-32
Payments to producers for named agricultural commodities .....	171	84	87
Judges' salaries, allowances and annuities .....	127	109	18
Labour adjustment benefits payments .....	106	92	14
Payments to international financial institutions .....	101	120	-19
Payments in connection with the Western Grain Stabilization Act .....	91	77	14
Superannuation, supplementary retirement benefits, death benefits and other pensions—			
Public Service—			
Government's matching contribution to the Public Service Superannuation Account .....	427	398	
Statutory payments under the Supplementary Retirement Benefits Act .....	501	476	
Government's contribution as employer to the Unemployment Insurance Account .....	177	185	
Government's matching contribution to the Canada and Quebec Pension Plans .....	139	105	
Government's matching contribution to the Supplementary Retirement Benefits			
Account .....	80	78	
Government's matching contribution to the death benefit account .....	7	7	
Amortization of actuarial deficiency .....		53	
	1,331	1,302	
Less: interest applied against amortization of actuarial deficiency and charged as			
interest on the public debt .....		53	
recoveries from revolving funds .....	78	70	
		123	
	1,253	1,179	74
Canadian Forces—			
Government's matching contribution to the Canadian Forces Superannuation Account ..	247	233	
Statutory payments under the Supplementary Retirement Benefits Act .....	314	286	
Government's contribution as employer to the Unemployment Insurance Account .....	68	63	
Government's matching contribution to the Canada and Quebec Pension Plans .....	38	35	
Government's matching contribution to the Supplementary Retirement Benefits			
Account .....	27	25	
Government's matching contribution to the death benefit account .....	2	2	
Amortization of actuarial deficiency .....	4	62	
	700	706	
Less: interest applied against amortization of actuarial deficiency and charged as			
interest on the public debt .....	4	62	
	696	644	52

TABLE 5.4

EXPENDITURE UNDER STATUTORY AUTHORITY—*Concluded*  
(in millions of dollars)

	1987-88	1986-87	Increase or decrease (—)
Royal Canadian Mounted Police—			
Government's matching contribution to the Royal Canadian Mounted Police Superannuation Account .....	82	72	
Statutory payments under the Supplementary Retirement Benefits Act .....	24	22	
Government's contribution as employer to the Unemployment Insurance Account .....	15	13	
Government's matching contribution to the Canada and Quebec Pension Plans .....	8	8	
Government's matching contribution to the Supplementary Retirement Benefits Account .....	7	7	
Amortization of actuarial deficiency .....		1	
		123	
Less: interest applied against amortization of actuarial deficiency and charged as interest on the public debt .....		1	
	136	122	14
Payments under the Defence Services and Royal Canadian Mounted Police Pension Continuation Act .....	16	17	-1
All other statutory expenditure .....	643	586	57
Total ministerial expenditure under statutory authority <sup>(2)</sup> .....	74,104	69,123	4,981
Consolidated specified purpose accounts—			
Unemployment Insurance Account .....	8,499	8,282	217
Western Grain Stabilization Account .....	1,304	777	527
Crop Reinsurance Fund .....	1	287	-286
Agricultural Commodities Stabilization Accounts .....	-39	-22	-17
Other .....	(1)		(1)
Total expenditure of consolidated specified purpose accounts .....	9,765	9,324	441
Provision for valuation .....	800	500	300
Total net statutory expenditure .....	84,669	78,947	5,722
Expenditure internal to the Government .....	-2	-4	2
Total net statutory expenditure with outside parties .....	84,667	78,943	5,724
Revenue credited to appropriations from outside parties .....	267	138	129
Total gross statutory expenditure with outside parties .....	84,934	79,081	5,853

<sup>(1)</sup> Less than \$500,000.<sup>(2)</sup> Additional details are provided in Table 3 in Section 1 of Volume II (Part I).

# SECTION 6

## 1987-88 PUBLIC ACCOUNTS

### Consolidated Specified Purpose Accounts

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## CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are categories of budgetary revenue and expenditure which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues. Such accounts collect primarily receipts of a tax nature, and include: the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and expenditures charged thereto. Commencing with 1985-86 (1984-85 for the Canadian Ownership Account), the transactions of these

accounts are reported with budgetary revenue and expenditure, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 6.1 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. The term "account without current transactions" has been included in this table, to show the net result of transactions in one account which was closed out in the previous year.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 6.1

### CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

	Receipts and other credits		Payments and other charges		Net increase or decrease (-)		
	From outside parties	Internal to the Government	With outside parties	Internal to the Government	March 31/1988	1988	1987
	\$	\$	\$	\$	\$	\$	\$
Unemployment Insurance Account, Table 6.2	-290,555,300	10,425,471,837	3,122,090,002	11,205,791,991	2,286,465,633	-235,251,085	55,304,215 - 184,991,532
Less: interest-bearing loans	3,606,000,000		2,067,000,000		415,000,000	1,954,000,000	-1,652,000,000 - 623,000,000
	-3,896,555,300	10,425,471,837	5,189,090,002	11,205,791,991	2,701,465,633	2,189,251,085	1,707,304,215 438,008,468
Canadian Ownership Account	1,902,167,152	6,412,287				1,908,579,439	6,412,287 - 752,749
Add: investments made through the Canadian Ownership Account	1,656,854,321					1,656,854,321	
Canadian Ownership special charge collected	3,559,021,473	6,412,287				3,565,433,760	6,412,287 - 752,749
Western Grain Stabilization Account	-145,010,638	30,427,617	1,596,611,566	1,395,743,885	95,139,466	-8,854,806	136,155,832 - 752,028,567
Less: interest-bearing loans	-145,010,638	30,427,617	1,596,611,566	1,395,743,885	1,505,237,099	1,505,237,099	1,505,237,099 - 1,369,081,267 - 752,028,567
	-113,094,778	39,336,311		1,161,453	1,600,376,565	-1,514,091,905	38,174,858 - 233,592,288
Crop Reinsurance Fund						-74,919,920	
Agricultural Commodities Stabilization Accounts	69,781,063	75,485,179	41,745,426	2,646,539	184,365,129	114,584,066	69,781,063
Other specified purpose accounts		570,710	1,636,344	1,885,231	321,823	321,823	
Account without current transactions							-297,718
Total	-525,858,180	10,577,703,941	6,829,083,338	12,607,229,099	4,301,842,198	-28,142,198	497,715,982 - 478,881,791

### Unemployment Insurance Account

The Unemployment Insurance Act provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes an account in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, fines, penalties and interest; (b) Government share of benefits paid; (c) refunds of overpayments of benefits, and benefit repayments; (d) amounts for services rendered to other Government departments or agencies, or to the public; (e) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriate

administration by the Canada Employment and Immigration Commission; and, (f) interest on the balance of the Account at such rates as the Minister of Finance may authorize. The Act also provides that the following be charged to the Account: (a) benefits paid under the Act; (b) costs of administering the Act; and (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$12.46 from April 1, 1987 to December 31, 1987 and \$13.28 from January 1, 1988 to March 31, 1988. For the same periods, maximum weekly benefits were \$318 from April 1, 1987 to December 31, 1987 and \$339 from January 1, 1988 to March 31, 1988.

Interest-bearing loans are made to the Unemployment Insurance Account, under Section 137(1) of the Unemployment Insurance Act, as a result of deficiencies in contributions from employers and employees. The balance outstanding as at March 31, 1988 bears interest at rates between 7.595% and 8.935% per annum, and is repayable between February 28, 1989 and March 31, 1990.

TABLE 6.2

### TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT (in millions of dollars)

	1987-88	1986-87
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions—		
Employee and employer*	10,671	9,814
Government	2,443	2,710
Investment income	6	4
Interest-bearing loans from the Government	415	3,012
Miscellaneous revenue	15	5
	13,550	15,545
<b>PAYMENTS AND OTHER CHARGES—</b>		
Benefits	10,237	10,320
Expenses	969	937
Interest expense	221	838
Repayments of interest-bearing loans to the Government	2,067	3,635
	13,494	15,730
Net increase or decrease (–)	56	– 185
Add—Balance at beginning of year	– 291	– 106
Balance at end of year	– 235	– 291

\* Included in employee and employer contributions is \$260 million (\$261 million in 1986-87) from the Government as contribution for employees.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$10,425 million (\$9,558 million in 1987) are reported as revenue, while payments and other charges of \$11,206 million (\$11,257 million in 1987) are reported as expenditure.

Receipts and other credits of \$3,122 million (\$5,987 million in 1987) and payments and other charges of \$2,286 million (\$4,473 million in 1987), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

### Canadian Ownership Account

This account was established under the authority of Energy, Mines and Resources Vote 5c, Appropriation Act No 4, 1980-81. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Therefore, any transactions since then are as a result of adjustments due to audits.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$6 million (– \$1 million in 1987) are reported as revenue.

### Western Grain Stabilization Account

The purpose of the Western Grain Stabilization Act is to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, mustard seed, canola and flax seed as well as any other seed that may be prescribed which is: (a) produced in the designated area and, (b) named in Schedule 1 to the Canada Grain Act and designated therein as "Canada Western".

This account records funds for this purpose which are received from:

- levies paid by participating producers—Ranging from 1% to 2½% of grain sales proceeds to an annual maximum of \$60,000 eligible proceeds per participant;
- Government contributions equal to levies paid by producers plus an additional 2% of the participating eligible grain sales proceeds of all participants;
- interest on the amount standing to the credit of the Account, at rates and in accordance with terms and conditions determined by the Minister of Finance; and,
- advances from the Consolidated Revenue Fund when the balance in the Account is not sufficient for the payment of stabilization payments and other amounts required to be charged to the Account pursuant to Section 43 of the Western Grain Stabilization Act.

During the year, the Account was advanced \$1,505,237,099. Interest on each advance is calculated quarterly at the rate in respect of borrowings by Crown corporations having a one year amortization period. The repayment period for each advance shall not exceed a term of one year.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$30 million (\$25 million in 1987) are reported as revenue, while payments and other charges of \$1,396 million (\$855 million in 1987), are reported as expenditure.

Receipts and other credits of \$1,597 million (\$77 million in 1987), and payments and other charges of \$95 million (nil in 1987), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

### Crop Reinsurance Fund

This Fund, established by Section 5(1) of the Crop Insurance Act, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes.

The revenue of the Fund comes from moneys paid by the provinces for the purpose of reinsurance and the expenditure of the Fund are moneys paid to the provinces under the terms of reinsurance agreements.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$39 million (\$54 million in 1987) are reported as revenue, while payments and other charges of \$1 million (\$287 million in 1987) are reported as expenditure.



## Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) slaughter cattle;
- (c) feeder calves;
- (d) lambs;
- (e) apples;
- (f) white beans;
- (g) other dry edible beans; and,
- (h) sugar beets.

These accounts were established in the accounts of Canada, pursuant to Section 10.2 of the Agricultural Stabilization Act.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$75 million (\$47 million in 1987) are reported as revenue, while payments and other charges of \$3 million (\$4 million in 1987) are reported as expenditure.

Receipts and other credits of \$42 million (\$27 million in 1987), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

## Other Specified Purpose Accounts

This group records consolidated specified purpose accounts not classified separately since they are not material by themselves.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$1 million are reported as revenue, while payments and other charges of \$2 million are reported as expenditure.

Receipts and other credits of \$2 million, internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

# SUPPLEMENTARY STATEMENT

## Canada Employment and Immigration Commission relating to the Unemployment Insurance Account

### AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have examined the balance sheet of the Canada Employment and Immigration Commission relating to the Unemployment Insurance Account as at December 31, 1987 and the statement of revenue, expenses and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission relating to the Unemployment Insurance Account as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Raymond Dubois, F.C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
July 29, 1988

### BALANCE SHEET AS AT DECEMBER 31, 1987 (in thousands of dollars)

ASSETS	1987	1986	LIABILITIES AND DEFICIT	1987	1986
Balance of the account with Receiver General for Canada .....	86,759	48,961	Unredeemed warrants .....	192,062	220,675
Due from claimants (Note 3) .....	132,293	126,682	Tax deductions from warrants .....	108,017	112,137
			Due to Canada (Note 4) .....	48,741	85,580
			Advances from Canada (Note 5) .....	2,238,506	3,549,224
				2,587,326	3,967,616
			Deficit .....	2,368,274	3,791,973
	219,052	175,643		219,052	175,643

Approved by the Commission:

PAUL GAUVIN  
*Executive Director  
Finance and Administration*

N. MULDER  
*Vice-Chairman*

# Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

## STATEMENT OF REVENUE, EXPENSES AND DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1987 (in thousands of dollars)

	1987	1986
Revenue		
Premiums .....	10,211,769	9,615,637
Penalties .....	18,122	15,855
	<u>10,229,891</u>	<u>9,631,492</u>
Expenses		
Benefits (Note 6 and Schedule) .....	10,325,868	10,393,518
Administration .....	961,756	927,687
Interest on advances from Canada and on the balance of the account with Receiver General for Canada .....	275,044	463,245
Doubtful accounts .....	10,071	8,411
	<u>11,572,739</u>	<u>11,792,861</u>
Excess of expenses over revenue before Gov- ernment's share of benefits .....	1,342,848	2,161,369
Government's share of benefits (Schedule) .....	2,766,547	2,814,002
Excess of revenue over expenses for the year....	1,423,699	652,633
Deficit at beginning of the year .....	3,791,973	4,444,606
Deficit at end of the year .....	<u>2,368,274</u>	<u>3,791,973</u>

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1987

### 1. Authority and objective

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule B to the Financial Administration Act, administers the Unemployment Insurance Act, 1971 as amended. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

In the accounts of Canada, the Unemployment Insurance Account was established by Section 131 of the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to this Account. Benefits and the cost of administration of the Act are paid out of the Consolidated Revenue Fund and charged to this Account.

Under Part IV of the Act, the Minister of National Revenue is responsible for collecting premiums from employers and employees.

### 2. Accounting policies

#### (a) Premiums

The premiums are recorded based on an estimate of the amount to be collected in the current year and include adjustments between actual and estimated premiums of prior years.

#### (b) Penalties

Penalties, levied pursuant to Section 47 of the Act, are recorded on an accrual basis.

#### (c) Benefits

Benefits represent the warrants issued during the year less benefit overpayments established by the Commission during the year and benefit repayments estimated to be receivable under Section 142 of the Act including adjustments between actual and estimated repayments of prior years.

#### (d) Administration

The costs of administration of the Act are determined by the Unemployment Insurance Regulations and are charged to the Account by the Commission.

#### (e) Interest

Interest on the balance of the account with Receiver General for Canada and interest on advances from Canada are recorded on an accrual basis.

#### (f) Government's share of benefits

The government's share of benefits is recorded on an accrual basis.

# Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Concluded

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1987—Concluded

### 3. Due from claimants

	1987	1986
	(in thousands of dollars)	
Benefit overpayments and penalties .....	136,684	116,335
Less: allowance for doubtful accounts ....	34,040	29,849
	102,644	86,486
Estimated benefit repayments under Section 142 of the Act .....	29,649	40,196
	132,293	126,682

Uncollectable benefit overpayments and penalties written-off during the year under authority of Section 60(2) of the Regulations amounted to \$5.9 million (1986—\$6.4 million).

### 4. Due to (from) Canada

	1987	1986
	(in thousands of dollars)	
Government's share of benefits .....	(8,572)	64,647
Premiums .....	34,231	(3,781)
Interest on balance of the account with Receiver General for Canada .....	(631)	(170)
Administration expenses .....	23,833	24,956
Benefit repayments .....	(177)	(114)
Other .....	57	42
	48,741	85,580

### 5. Advances from Canada

Advances from Canada are made under Section 137 of the Act and the Unemployment Insurance Account Advance Regulations, by means of promissory notes which bear annual interest compounded semi-annually at rates varying from 7.595% to 8.125%. The balance as at December 31 consists of:

	1987	1986
	(in thousands of dollars)	
Principal repayable in		
1987 .....		2,749,000
1988 .....		342,000
1989 .....	2,142,000	
	2,142,000	3,091,000
Accrued interest .....	96,506	458,224
	2,238,506	3,549,224

### 6. Overpayments and underpayments of benefits

The large number of claimants to be monitored and the requirement for prompt service require selective internal control procedures rather than universal and therefore the verification of claims is mainly done after claimants have begun to receive benefits.

As a result, overpayments and underpayments of benefits exist which the Commission estimated at \$342 million (\$316 million in 1986) and \$101 million (\$123

million in 1986) respectively. These amounts are included in the benefits for the year.

### 7. Contingent liabilities

In the normal course of the operations of the Unemployment Insurance Account, certain appeals against or by the Commission are presently outstanding. In the opinion of management, the result of these appeals will not have a significant impact on the operations of the Unemployment Insurance Account.

## SCHEDULE OF BENEFITS FOR THE YEAR ENDED DECEMBER 31, 1987 (in thousands of dollars)

	1987		1986	
	Total	Government's share	Total	Government's share
Regular .....	8,973,012	2,420,127	9,098,430	2,464,447
Maternity .....	504,962		471,839	
Sickness .....	272,079		236,395	
Training .....	222,569	106,674	235,660	113,939
Job creation .....	87,793	37,263	96,092	44,471
Retirement .....	22,806		21,859	
Work sharing .....	16,805		21,551	
Adoption .....	4,633		4,154	
	10,104,659	2,564,064	10,185,980	2,622,857
Fishing .....	221,209	202,483	207,538	191,145
	10,325,868	2,766,547	10,393,518	2,814,002

In accordance with Sections 136 and 146 of the Unemployment Insurance Act, 1971, the Government's share of benefits consists of extended benefits paid under Section 35, Subsections 38(8) and 39(3), and all benefits paid to fishermen less premiums paid by them and their designated employers.

Extended benefits paid under Section 35 of the Act are benefits paid to claimants who have exhausted their initial benefits (and labour force extended benefits, if they are entitled) and who reside in a region where the regional unemployment rate exceeds four per cent.

Extended benefits under Subsections 38(8) and 39(3) of the Act are benefits paid to claimants on job creation projects or training courses and whose entitlements are not enough to cover the duration of the project or course plus an additional maximum of three weeks of entitlement after the projects or courses end.

During the year, \$139 million in benefits were paid following the adoption of the Act concerning the treatment of pension payments, retroactive to January 5, 1986, in determining unemployment insurance benefits entitlement. This amount is included in regular benefits.





# SECTION 7

## 1987-88 PUBLIC ACCOUNTS

### Loans, Investments and Advances

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## LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to valuation to reflect estimated losses on realization. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue as premium and discount on exchange, while net losses are charged to budgetary expenditure of the Department of Finance.

The allowance established to reflect estimated losses on realization of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under Section 54(2)(b) of the Financial Administration Act.

Revenue received during the year on loans, investments and advances, is credited to return on investments; details are given

in Section 11 of Volume II (Part II). In accordance with stated accounting policies, accrued interest and interest due but not received are not reported as revenue. Table 7.20 gives details of recorded uncollected interest.

Transactions and year-end balances of loans, investments and advances are presented as follows:

- Crown corporations;
- provincial and territorial governments;
- national governments including developing countries;
- international organizations;
- Veterans' Land Act Fund advances;
- joint and mixed enterprises; and,
- miscellaneous.

Transactions and balances are further summarized in Sections 1 and 2 of this volume. In addition, Table 7.19 summarizes transactions by type.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

TABLE 7.1

## LOANS, INVESTMENTS AND ADVANCES

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
<b>Crown corporations—</b>						
Lending institutions, Table 7.2—						
Canada Deposit Insurance Corporation .....	1,203,164,382	151,500,000	282,000,000	1,333,664,382	130,500,000	268,164,382
Canada Mortgage and Housing Corpora- tion .....	9,411,384,737	401,644,119	167,100,000	9,176,840,618	- 234,544,119	- 253,610,210
Export Development Corporation .....	777,000,000	55,000,000		722,000,000	- 55,000,000	- 48,991,600
Farm Credit Corporation .....	3,522,838,779	876,600,261	1,055,600,261	3,701,838,779	179,000,000	- 591,154,858
Federal Business Development Bank .....	345,000,000	51,000,000		294,000,000	- 51,000,000	- 93,000,000
	15,259,387,898	1,535,744,380	1,504,700,261	15,228,343,779	- 31,044,119	- 718,592,286
<b>All other Crown corporations, Table 7.3—</b>						
Air Canada .....	504,597,885	22,021,183		482,576,702	- 22,021,183	- 20,508,877
Atomic Energy of Canada Limited .....	709,588,733	19,781,795		689,806,938	- 19,781,795	- 18,395,550
Canada Development Investment Corpora- tion .....	395,658,315			395,658,315		
Canadian National Railway Company .....	2,493,488,475	29,856,229		2,463,632,246	- 29,856,229	- 351,111,331
Petro-Canada .....	4,299,126,174			4,299,126,174		
Other .....	1,693,123,346	2,100,378,893	696,771,246	289,515,699	- 1,403,607,647	185,342,526
	10,095,582,928	2,172,038,100	696,771,246	8,620,316,074	- 1,475,266,854	- 204,673,232
Less: allowance for valuation .....	3,800,000,000		400,000,000	3,400,000,000	- 400,000,000	100,000,000
<b>Total Crown corporations .....</b>	<b>21,554,970,826</b>	<b>3,707,782,480</b>	<b>2,601,471,507</b>	<b>20,448,659,853</b>	<b>- 1,106,310,973</b>	<b>- 1,023,265,518</b>
<b>Other loans, investments and advances—</b>						
Provincial and territorial governments, Table 7.12 .....	947,742,313	40,908,900	3,687,000	910,520,413	- 37,221,900	- 89,068,949
National governments including developing countries, Table 7.13 .....	4,404,573,640	128,924,098	47,423,543	4,323,073,085	- 81,500,555	- 124,350,476
International organizations, Table 7.14 .....	4,542,247,251	431,593,967	453,200,065	4,563,853,349	21,606,098	248,391,170
Less: notes payable, Table 7.14 .....	1,836,949,254	433,236,548	396,837,765	1,873,348,037	36,398,783	293,992,374
	2,705,297,997	864,830,515	850,037,830	2,690,505,312	- 14,792,685	- 45,601,204
Veterans' Land Act Fund advances less allow- ance for conditional benefits, Table 7.16 .....	134,590,023	31,517,900	8,192,215	111,264,338	- 23,325,685	- 26,437,842
Joint and mixed enterprises, Table 7.17 .....	478,833,414	355,278,814	59,540,000	183,094,600	- 295,738,814	- 217,091,086
Miscellaneous, Table 7.18 .....	663,201,914	1,084,085,820	1,233,796,605	812,912,699	149,710,785	39,831,894
	9,334,239,301	2,505,546,047	2,202,677,193	9,031,370,447	- 302,868,854	- 462,717,663
Less: allowance for valuation .....	5,900,000,000	100,000,000		6,000,000,000	100,000,000	- 100,000,000
<b>Total other loans, investments and advances .....</b>	<b>3,434,239,301</b>	<b>2,605,546,047</b>	<b>2,202,677,193</b>	<b>3,031,370,447</b>	<b>- 402,868,854</b>	<b>- 362,717,663</b>
<b>Total .....</b>	<b>24,989,210,127</b>	<b>6,313,328,527</b>	<b>4,804,148,700</b>	<b>23,480,030,300</b>	<b>- 1,509,179,827</b>	<b>- 1,385,983,181</b>

## CROWN CORPORATIONS

Loans and advances to, and investments in, Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditure and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations. These include the corporations listed in Parts I and II of Schedule C of the Financial Administration Act, the Bank of Canada, the Canada Council, the Canadian Broadcasting Corporation, the Canadian Film Development Corporation, the Canadian Institute for International Peace and Security, the Canadian Wheat Board, the International Development Research Centre, and the National Arts Centre Corporation.

A Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its

affairs. Most of the Crown corporations listed in the schedules to the Financial Administration Act are agents of Her Majesty in right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; and,
- (iii) proclamation by the Government Companies Operation Act.

Financial statements of parent Crown corporations can be found in Volume III of the Public Accounts. The financial statements of wholly-owned subsidiaries of Crown corporations are also included in that volume whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent Crown corporation.

## Lending Institutions

Table 7.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to Crown corporations whose primary activity is to provide financial assistance.

TABLE 7.2

## CROWN CORPORATIONS—LENDING INSTITUTIONS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (–)	
	\$	\$	\$	\$	1988	1987
Canada Deposit Insurance Corporation .....	1,203,164,382	151,500,000	282,000,000	1,333,664,382	130,500,000	268,164,382
Canada Mortgage and Housing Corporation—						
Capital stock .....	25,000,000			25,000,000		
Housing .....	6,215,069,578	263,846,322	55,700,000	6,006,923,256	– 208,146,322	– 196,152,112
Real estate .....	93,917,597	7,443,789	37,000,000	123,473,808	29,556,211	19,341,718
Joint projects .....	1,407,061,752	42,609,851	74,400,000	1,438,851,901	31,790,149	20,074,254
Urban renewal scheme .....	18,626,977	4,251,424		14,375,553	– 4,251,424	– 3,083,130
Student housing projects .....	367,898,269	4,702,531		363,195,738	– 4,702,531	– 4,418,117
Sewage treatment projects .....	1,042,381,127	30,795,701		1,011,585,426	– 30,795,701	– 26,158,335
Ownership assistance .....	241,429,437	47,994,501		193,434,936	– 47,994,501	– 63,214,488
	9,411,384,737	401,644,119	167,100,000	9,176,840,618	– 234,544,119	– 253,610,210
Export Development Corporation—						
Capital stock .....	697,000,000			697,000,000		
Loans .....	80,000,000	55,000,000		25,000,000	– 55,000,000	– 48,991,600
	777,000,000	55,000,000		722,000,000	– 55,000,000	– 48,991,600
Farm Credit Corporation—						
Contributed capital .....	218,333,000			218,333,000		
Notes .....	3,298,475,779	874,408,832	1,053,408,832	3,477,475,779	179,000,000	– 588,012,525
Farm syndicates loan fund .....	6,030,000	2,191,429	2,191,429	6,030,000		– 3,142,333
	3,522,838,779	876,600,261	1,055,600,261	3,701,838,779	179,000,000	– 591,154,858
Federal Business Development Bank—						
Paid-in capital .....	294,000,000			294,000,000		
Loans .....	51,000,000	51,000,000			– 51,000,000	– 93,000,000
	345,000,000	51,000,000		294,000,000	– 51,000,000	– 93,000,000
Total .....	15,259,387,898	1,535,744,380	1,504,700,261	15,228,343,779	– 31,044,119	– 718,592,286

## Canada Deposit Insurance Corporation

The Corporation was established by the Canada Deposit Insurance Corporation Act, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule C of the Financial Administration Act.

Section 37 of the Canada Deposit Insurance Corporation Act provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$3,000,000,000.

The loans bear interest at rates from 8.376% to 10.475% per annum, and are repayable between April 8, 1988 and February 27, 1989.

During the year, the Corporation paid interest of \$117 million to the Government.

## Canada Mortgage and Housing Corporation

The Corporation was established by the Canada Mortgage and Housing Corporation Act, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$1,550.2 million from budgetary appropriations. It paid interest of \$825.3 million and transferred \$27.9 million of profit to the Government.

### Capital stock

The Government's investment in the capital of the Corporation is authorized by Section 17 of the Canada Mortgage and Housing Corporation Act.

### Housing

Advances have been made to enable the Corporation to lend money under the following sections of the National Housing Act:

- (a) Section 14.1—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 15—to any person to assist in
  - (i) the construction, purchase or improvement of a low-rental housing project;
  - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,

(iii) the conversion of existing buildings into a low-rental housing project;

(c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;

(d) Section 34.1—

(i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,

(ii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;

(e) Section 34.18—to co-operatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;

(f) Section 37.1—to any person that wishes to undertake a project

(i) for individuals or families of low income; or,

(ii) to meet the needs of individuals resulting from age, infirmity or other disability;

(g) Section 42—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;

(h) Section 43—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;

(i) Section 58—to a person unable to obtain a loan from an approved lender for construction of a house or housing project; and,

(j) Section 59—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

During the year, additional advances were authorized by Public Works Vote L70, Appropriation Acts No 1 and No 3, 1987-88.

The advances bear interest at rates from 3.5% to 17.625% per annum, and are repayable over 18 to 50 years, with final instalments between June 30, 2005 and March 31, 2037.

### Real estate

Section 55 of the National Housing Act authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.



During the year, additional advances were authorized by Public Works Vote L65, Appropriation Acts No 1 and No 3, 1987-88.

The advances bear interest at rates from 2% to 16.157% per annum, and are repayable over 50 years, with the final instalment on September 30, 2036.

#### *Joint projects*

Section 40 of the National Housing Act authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3% to 17.96% per annum, and are repayable over 25 to 50 years, with final instalments between March 31, 2012 and September 30, 2037.

#### *Urban renewal scheme*

Advances have been made to enable the Corporation to lend money under Section 25 of the National Housing Act, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81% to 7.81% per annum, and are repayable over 15 to 50 years, with final instalments between June 30, 1997 and June 30, 1999.

#### *Student housing projects*

Advances have been made to enable the Corporation to lend money under Section 47 of the National Housing Act, to a province or agency thereof, a municipality or agency thereof, a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5% to 10.054% per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1994 and March 31, 2030.

#### *Sewage treatment projects*

Advances have been made to enable the Corporation to lend money under Section 51 of the National Housing Act, to any province, municipality or municipal sewerage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5% to 10.376% per annum, and are repayable over 18 to 50 years, with final instalments between September 30, 1993 and December 31, 2022.

#### *Ownership assistance*

Advances have been made to enable the Corporation to lend money under Sections 34.15 and 34.16 of the National Housing Act, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof, or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 7.625% to 9.618% per annum, and are repayable over 20 to 50 years, with final instalments between December 31, 1992 and June 30, 2003.

#### **Export Development Corporation**

The Corporation was established by the Export Development Act, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule C of the Financial Administration Act.

#### *Capital stock*

The Government's investment in the capital of the Corporation is authorized by Section 11 of the Export Development Act.

#### *Loans*

Loans to the Corporation are authorized by Sections 12 and 13 of the Export Development Act. Pursuant to Section 12, the Corporation may borrow money from public and private sources by any means, including the issue and sale of bonds, debentures, notes or other evidences of indebtedness of the Corporation. Pursuant to Section 13, loans to the Corporation may be made out of the Consolidated Revenue Fund on terms and conditions fixed by the Minister of Finance.

Section 14 limits the Corporation's outstanding borrowings under Sections 12 and 13 to an amount equal to ten times the aggregate of the paid-in capital of the Corporation from time to time and the retained earnings, if any, determined according to the most recent statements of accounts of the Corporation for a financial year, that have been audited by the Auditor General of Canada.

For the purposes of the Export Development Act, Section 31 also authorizes the making of loans by the Government of Canada through the Corporation. These loans are administered by the Corporation on behalf of the Government and are reported further in this section under "National governments including developing countries" and "Miscellaneous loans, investments and advances".

The loan bears interest at the rate of 8.375% per annum, and is repayable on October 15, 1988.

During the year, the Corporation paid interest of \$4.6 million to the Government.

### **Farm Credit Corporation**

The Corporation was established by the Farm Credit Act, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$15 million from budgetary appropriations.

#### *Contributed capital*

The Government's contribution to the capital of the Corporation is authorized by Section 12 of the Farm Credit Act.

The total amount authorized is not to exceed \$225,000,000.

#### *Notes*

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to Section 13 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twenty-five times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 9% to 12.25% per annum, with final instalments between July 1, 1997 and July 1, 2003, \$865,866,235;
- (b) repayable over 20 years, bearing interest at rates from 6% to 9% per annum, with final instalments between July 1, 1989 and July 1, 1999, \$1,229,649,921;
- (c) repayable over 10 years, bearing interest at rates from 9.245% to 11.625% per annum, with final instalments between July 1, 1993 and July 1, 1994, \$647,928,539;
- (d) repayable over 3 to 9 years, bearing interest at rates from 10.75% to 11% per annum, with the final instalment on July 1, 1997, \$555,031,084; and,
- (e) repayable within 1 year, bearing interest at rates from 8.446% to 10.635% per annum, \$179,000,000.

During the year, the Corporation paid interest of \$324 million to the Government.

#### *Farm syndicates loan fund*

Advances have been made by the Minister of Finance, pursuant to Section 8 of the Farm Syndicates Credit Act, to enable the Corporation to make loans. Section 3(1) of the Act allows the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,

- (c) the purchase or improvement of land on which buildings are or are to be erected for use primarily by the syndicate or its members, in their farming operations.

The total amount authorized to be outstanding at any time is \$25,000,000.

The advance bears interest at rates from 9.275% to 15.5% per annum, and is repayable in equal semi-annual instalments over 5 to 7 years, with final instalments between July 1, 1988 and July 1, 2001.

During the year, the Corporation paid interest of \$0.5 million to the Government.

### **Federal Business Development Bank**

The Corporation was established by the Federal Business Development Bank Act, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Regional Industrial Expansion, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$77.8 million from budgetary appropriations.

#### *Paid-in capital*

The Government's contribution to the paid-in capital of the Corporation is authorized by Sections 28 and 52 of the Federal Business Development Bank Act.

#### *Loans*

Loans were made to the Corporation, pursuant to Section 30 of the Federal Business Development Bank Act, to enable it to achieve its objectives.

During the year, the loans were repaid in full.

The Corporation paid interest of \$2.6 million to the Government in 1987-88.

### **All Other Crown Corporations**

Table 7.3 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to Crown corporations engaged in activities other than providing financial assistance.

TABLE 7.3

## ALL OTHER CROWN CORPORATIONS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (—)	
	\$	\$	\$	\$	1988	1987
<b>Air Canada—</b>						
Capital stock .....	329,009,000			329,009,000		
Consolidated loan .....	175,588,885	22,021,183		153,567,702	-22,021,183	-20,508,877
	504,597,885	22,021,183		482,576,702	-22,021,183	-20,508,877
<b>Atomic Energy of Canada Limited—</b>						
Capital stock .....	15,000,000			15,000,000		
Contributed capital .....	149,159,473			149,159,473		
Housing .....	4,508,983	524,928		3,984,055	-524,928	-509,916
Bruce heavy water plant .....	85,218,274	12,293,719		72,924,555	-12,293,719	-11,400,339
Commercial products division .....	1,838,152	560,437		1,277,715	-560,437	-523,197
Gentilly II nuclear power station .....	145,464,677	2,201,982		143,262,695	-2,201,982	-2,012,959
Heavy water inventory .....	19,500,000			19,500,000		
Lepreau nuclear station .....	288,899,174	4,200,729		284,698,445	-4,200,729	-3,829,065
Account without current transactions .....						-120,074
	709,588,733	19,781,795		689,806,938	-19,781,795	-18,395,550
<b>Canada Development Investment Corporation—</b>						
Eldorado Nuclear Limited .....	395,658,315			395,658,315		
	395,658,315			395,658,315		
<b>Canadian National Railway Company—</b>						
Capital stock .....	2,298,319,732	19,452,958		2,278,866,774	-19,452,958	-327,558,000
Consolidated loan .....	195,168,743	10,403,271		184,765,472	-10,403,271	-9,549,419
Account without current transactions .....	2,493,488,475	29,856,229		2,463,632,246	-29,856,229	-351,111,331
<b>Petro-Canada—</b>						
Capital stock—Common .....	3,326,354,321			3,326,354,321		
Preferred .....	972,771,853			972,771,853		
	4,299,126,174			4,299,126,174		
	8,402,459,582	71,659,207		8,330,800,375	-71,659,207	-390,015,758
<b>Other—</b>						
Bank of Canada .....	5,920,000			5,920,000		
Canada Ports Corporation .....	19,473,147	17,911,357		1,561,790	-17,911,357	-65,498,058
Saint John Harbour Bridge Authority .....	14,097,524	115,705		13,981,819	-115,705	-108,203
	33,570,671	18,027,062		15,543,609	-18,027,062	-65,606,261
Canadian Broadcasting Corporation .....	33,000,000			33,000,000		
Canadian Commercial Corporation .....	10,000,000	10,000,000			-10,000,000	
Canadian Dairy Commission .....	51,110,000	319,588,967	280,074,967	11,596,000	-39,514,000	-14,717,200
Canadian Film Development Corporation .....	6,313,935	6,313,935			-6,313,935	
Canadian National (West Indies) Steamships Ltd—						
Capital stock .....	976			976		
Advances .....	324,024			324,024		
	325,000			325,000		
Canadian Patents and Development Limited ..	296,199	296,199			-296,199	
Canadian Saltfish Corporation .....	24,000,000	288,650,000	293,500,000	28,850,000	4,850,000	6,577,500
Cape Breton Development Corporation .....	7,022,216		14,896,279	21,918,495	14,896,279	4,378,797
Freshwater Fish Marketing Corporation .....	3,000,000	10,100,000	12,300,000	5,200,000	2,200,000	-15,152,589
Halifax Port Corporation .....	29,955,762	25,831,842		4,123,920	-25,831,842	-2,381,000
Marine Atlantic Inc. ....	327,558,000	327,558,000			-327,558,000	327,558,000
Mingan Associates, Ltd .....						
Montreal Port Corporation .....	140,706,607	133,355,413		7,351,194	-133,355,413	-339,365
Northern Canada Power Commission—						
Loans .....	224,291,702	128,836,147		95,455,555	-128,836,147	-2,766,335
Less: amount to be applied in 1987-88 against the Yukon related loans .....	95,000,000		95,000,000		-95,000,000	95,000,000
	129,291,702	128,836,147	95,000,000	95,455,555	-33,836,147	-97,766,335
Advances .....	50,000			50,000		
	129,341,702	128,836,147	95,000,000	95,505,555	-33,836,147	-97,766,335
Pêcheries Canada Inc <sup>(1)</sup> .....						
Prince Rupert Port Corporation .....	27,084,979	27,084,979			-27,084,979	
Royal Canadian Mint .....	27,212,622	2,988,735		24,223,887	-2,988,735	-3,128,735
Saint John Port Corporation .....	58,332,598	38,280,141		20,052,457	-38,280,141	58,332,598
St John's Port Corporation .....	1,514,454	56,833	1,000,000	2,457,621	943,167	-51,983
St Lawrence Seaway Authority, The .....	624,950,000	624,950,000			-624,950,000	
Jacques Cartier and Champlain Bridges In- corporated, The .....	59,752,867	59,752,867			-59,752,867	
	684,702,867	684,702,867			-684,702,867	



TABLE 7.3

## ALL OTHER CROWN CORPORATIONS—Concluded

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (—)	
	\$	\$	\$	\$	1988	1987
Teleglob Canada .....	2,027,871	2,027,871			— 2,027,871	— 1,188,381
Vancouver Port Corporation.....	80,827,863	76,679,902		4,147,961	— 76,679,902	— 172,520
VIA Rail Canada Inc .....	9,300,000			9,300,000		
Accounts without current transactions .....						— 11,000,000
	1,693,123,346	2,100,378,893	696,771,246	289,515,699	— 1,403,607,647	185,342,526
Total .....	10,095,582,928	2,172,038,100	696,771,246	8,620,316,074	— 1,475,266,854	— 204,673,232

(1) This account is now reported in Table 7.17.

**Air Canada**

The Corporation was established by the Air Canada Act, to provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

During the year, the Corporation paid interest of \$12.3 million to the Government.

**Capital stock**

The Government's investment in the capital of the Corporation is recorded in this account.

**Consolidated loan**

The loan bears interest at the rate of 7.243% per annum, and is repayable in semi-annual instalments over 15 years, with the final instalment on April 13, 1993.

**Atomic Energy of Canada Limited**

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$175.4 million from budgetary appropriations. It paid interest of \$62.2 million to the Government.

**Capital stock**

The Government's investment in the capital of the Corporation is recorded in this account.

**Contributed capital**

The Government's contribution to the capital of the Corporation is recorded in this account.

**Housing**

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 4.125% to 8.5% per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between May 31, 1988 and June 30, 2003.

**Bruce heavy water plant**

Loans have been made to finance the construction of the Bruce heavy water plant at Douglas Point, Ontario.

The loans bear interest at rates from 6.687% to 8.5% per annum, and are repayable in equal monthly instalments over 17 years, with the final instalment on December 31, 1992.

**Commercial products division**

Loans have been made to finance the construction of manufacturing facilities and a laboratory at South March, Ontario.

The loans bear interest at rates from 6.687% to 7.625% per annum, and are repayable in equal monthly instalments over 20 years, with final instalments between May 31, 1988 and September 30, 1992.

**Gentilly II nuclear power station**

Loans have been made to finance a share in the construction of the CANDU-PHW 600 generating station at Gentilly, under an agreement with the Province of Quebec and Hydro-Quebec.

The loan, consolidated in 1983-84, bears interest at the rate of 9.18% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 7, 2008.

**Heavy water inventory**

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate of 10% per annum. On March 30, 1988, Treasury Board agreed to the postponement of loan repayments, due in 1988-89, on the understanding that

the Corporation will seek the concurrence of the Minister of Finance and the approval of the Governor in Council for amended terms and conditions of repayments.

#### *Lepreau nuclear station*

Loans have been made to finance a share in the construction of the nuclear generating station at Lepreau.

The loan, consolidated in 1980-81, bears interest at the rate of 9.706% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 1, 2008.

### **Canada Development Investment Corporation**

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of State (Privatization), and is listed in Part II of Schedule C of the Financial Administration Act.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

#### *Eldorado Nuclear Limited*

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to provide for the mining and refining of uranium, and the production of nuclear fuel in Canada. The Corporation is a wholly-owned subsidiary of the Canada Development Investment Corporation.

Interest due but not received, totalling \$10,093,433 as of March 31, 1988, was recorded in the accounts of Canada in previous years by being debited to a loan account and credited to an uncollected interest account (see Table 7.20 of this section). Since the Government's policy is to report revenue only as received, this uncollected interest was deducted from the loan account, to present it on a net basis.

During the year, the Corporation paid interest of \$0.9 million to the Government.

### **Canadian National Railway Company**

The Corporation was established by the Canadian National Railways Act, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$24 million from budgetary appropriations.

#### *Capital stock*

The Government's investment in the capital of the Corporation is recorded in this account.

During the year, recorded capital stock totalling \$19,452,958 was forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

#### *Consolidated loan*

The loan bears interest at the rate of 8.75% per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

During the year, the Corporation paid interest of \$16.9 million to the Government.

### **Petro-Canada**

The Corporation was established by the Petro-Canada Act, to explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part II of Schedule C of the Financial Administration Act.

During the year, Petro-Canada International Assistance Corporation (a wholly-owned subsidiary of Petro-Canada) received financial assistance of \$67.4 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is authorized by Sections 5, 22, 24.1 and 25 of the Petro-Canada Act.

### **Bank of Canada**

The Bank of Canada was established by the Bank of Canada Act, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by Section 17 of the Bank of Canada Act. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.



During the year, the Bank remitted profit of \$1,843.9 million to the Government.

### Canada Ports Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$2.1 million from budgetary appropriations.

Under the authority of the Canada Ports Corporation Act, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation. A summary of the balances and transactions for the loans made to various harbours follows:

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
Belledune .....	2,126,865	1,214,562		912,303
Sept-Îles .....	2,977,437	2,977,437		
Churchill .....	13,693,573	13,693,573		
Chicoutimi .....	675,272	25,785		649,487
	19,473,147	17,911,357		1,561,790

The loans bear interest at rates from 6.44% to 9.09% per annum, and are repayable in equal annual instalments over 20 years, with final instalments on December 31, 2000.

During the year, non-interest bearing loans totalling \$17,841,448 were forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

The Corporation paid interest of \$2.5 million to the Government in 1987-88.

### Saint John Harbour Bridge Authority

Loans have been made to the Saint John Harbour Bridge Authority in respect of a vehicular bridge across the harbour of Saint John. An agreement between Canada, the Province of New Brunswick, the City of Saint John and the Saint John Harbour Bridge Authority, dated July 7, 1966, requires that debentures issued by the Authority and acquired by the Canada Ports Corporation shall be related exclusively to the financing of the total capital costs of the bridge (see also Table 7.18, Miscellaneous loans, investments and advances).

The loans bear interest at rates from 6.687% to 8.5% per annum, and are repayable in equal semi-annual instalments over 50 to 51 years, with final instalments between January 1, 2020 and January 1, 2021.

During the year, the Authority paid interest of \$1 million to the Government.

### Canadian Broadcasting Corporation

The Corporation was established by the Broadcasting Act, to provide a national broadcasting service in both official languages, and an international broadcasting service predominantly Canadian in content and character.

The Corporation is an agent of Her Majesty and reports through the Minister of Communications.

During the year, the Corporation received financial assistance of \$887 million from budgetary appropriations.

Advances have been made to the Corporation for purposes of working capital. The total amount authorized to be outstanding at any time is \$33,000,000.

The advances are non-interest bearing and are repayable using the amounts on hand (cash and marketable securities) which, at any time, are in excess of what is required by the Corporation for working capital purposes.

### Canadian Commercial Corporation

The Corporation was established by the Canadian Commercial Corporation Act, to assist in the development of international trade, assist persons in obtaining goods from outside Canada, and dispose of goods available for export.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule C of the Financial Administration Act.

The Corporation received financial assistance of \$11.8 million from budgetary appropriations, in 1987-88.

Section 8(1) of the Canadian Commercial Corporation Act states that advances not exceeding in the aggregate \$10,000,000 may be made available to the Corporation as paid-in capital.

During the year, advances totalling \$10,000,000 were forgiven pursuant to External Affairs Vote 21c, Appropriation Act No 4, 1987-88.

### Canadian Dairy Commission

The Corporation was established by the Canadian Dairy Commission Act, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$291.4 million from budgetary appropriations.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 6.923% to 11.226% per annum, and are repayable within 1 year.

The Corporation paid interest of \$4 million to the Government in 1987-88.

### **Canadian Film Development Corporation**

The Corporation was established by the Canadian Film Development Corporation Act, to foster and promote the development of a feature film industry in Canada.

The Corporation is an agent of Her Majesty and reports through the Minister of Communications.

The Corporation received financial assistance of \$115.6 million from budgetary appropriations in 1987-88.

During the year, advances totalling \$6,313,935 were forgiven pursuant to Communications Vote 46c, Appropriation Act No 4, 1987-88.

### **Canadian National (West Indies) Steamships Ltd**

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to provide steamship services between Canada and the West Indies.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule C of the Financial Administration Act. The Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

Steps have been initiated to wind-up the Corporation and assign the accounts receivable to the Minister of Finance. As of the year end, however, dissolution had not taken place because of unresolved legal implications with the BankAmerica International (formerly the Bank of America) and the United States Government.

#### *Capital stock*

The Government's investment in the capital of the Corporation is recorded in this account.

#### *Advances*

The advances are repayable from moneys to be received upon collection of the final instalment on the sale of the eight vessels to Cuban interests which was due to be paid August 19, 1963 by an irrevocable letter of credit issued through the BankAmerica International. However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective which prohibited the BankAmerica International from honouring payment of the draft. Since that time, negotiations to obtain a preferred status, in order to collect the receivable, have not been successful. It is the opinion of management, based on legal counsel, that these moneys plus applicable interest will be collected when the regulations are repealed.

A waiver of the application of the statute of limitations has been obtained until January 1, 1989, and further extensions will be obtained as required.

### **Canadian Patents and Development Limited**

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to make available to the public through licensing arrangements with industry, the industrial and intellectual property which results from publicly-funded research and development.

The Corporation is an agent of Her Majesty, reports through the Minister of Regional Industrial Expansion, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$1.1 million from budgetary appropriations.

The Government's investment in the capital of the Corporation was recorded in this account.

During the year, the investment totalling \$296,199 was forgiven pursuant to Regional Industrial Expansion Vote 11e, Appropriation Act No 6, 1987-88.

### **Canadian Saltfish Corporation**

The Corporation was established by the Saltfish Act, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule C of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 17 of the Saltfish Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$50,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable within 1 year, bearing interest at the rate of 8.369% per annum, with the final instalment on June 26, 1988, \$28,500,000; and,
- (b) repayable over 10 years, bearing interest at rates from 10% to 12.375% per annum, with final instalments between March 27, 1989 and September 30, 1990, \$350,000.

During the year, the Corporation paid interest of \$2.2 million to the Government.

### **Cape Breton Development Corporation**

The Corporation was established by the Cape Breton Development Corporation Act, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Regional Industrial Expansion, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$101.4 million from budgetary appropriations.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$25,000,000.

The advances are non-interest bearing and have no fixed repayment dates.

### **Freshwater Fish Marketing Corporation**

The Corporation was established by the Freshwater Fish Marketing Act, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule C of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 17 of the Freshwater Fish Marketing Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$30,000,000.

The loans bear interest at rates from 6.923% to 8.625% per annum, and are repayable within 1 year.

During the year, the Corporation paid interest of \$148,857 to the Government.

### **Halifax Port Corporation**

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Halifax.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Halifax.

The loan bears interest at the rate of 10% per annum, and is repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1996.

During the year, non-interest bearing loans totalling \$25,555,762 were forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

The Corporation paid interest of \$440,000 to the Government in 1987-88.

### **Marine Atlantic Inc**

The Corporation was incorporated under the Canada Business Corporations Act, to acquire, manage and operate a marine transportation service, a marine maintenance, repair and refit service and a marine construction business.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$127.6 million from budgetary appropriations.

The Government's investment in the capital of the Corporation was recorded in this account.

During the year, recorded capital stock totalling \$327,558,000 was forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

### **Mingan Associates, Ltd**

The Corporation was established by letters patent, granted under the laws of the Province of Quebec.

The Corporation is not an agent of Her Majesty, reports through the Minister of Indian Affairs and Northern Development, and is listed in Part I of Schedule C of the Financial Administration Act.

In 1983-84, the Government purchased all of the 21,606 common shares without par value of the Corporation for an amount of \$355,000, which was charged to budgetary expenditure (Indian Affairs and Northern Development Vote 10). These shares were purchased to gain ownership of a parcel of land owned by the Corporation which was required to be converted into reserve land. The Corporation will be wound up within 6 months of the conversion of land.

### **Montreal Port Corporation**

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The loan bears interest at the rate of 6.25% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, non-interest bearing loans totalling \$132,994,837 were forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

The Corporation paid interest of \$481,986 to the Government in 1987-88.

### **Northern Canada Power Commission**

The Corporation was established by the Northern Canada Power Commission Act, to construct, purchase, rent or otherwise acquire, operate and maintain electrical power plants within the Northwest Territories and the Yukon Territory and, with the approval of the Governor in Council, but subject to the laws of the provinces, elsewhere in Canada.

The Corporation is an agent of Her Majesty, reports through the Minister of Indian Affairs and Northern Development, and is listed in Part I of Schedule C of the Financial Administration Act.



During the year, the Corporation paid interest of \$16 million to the Government.

### Loans

Loans have been made to the Corporation for capital expenditures. During the year, additional loans were authorized under the authority of Indian Affairs and Northern Development Vote L47c, Appropriation Act No 4, 1987-88.

The loans bear interest at rates from 4% to 15.625% per annum, and are repayable annually up to March 31, 2024.

In accordance with Section 4(2) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act, the Corporation transferred its assets in the Yukon Territory to the Yukon Power Corporation effective March 31, 1987. In exchange for such assets, an amount of \$95 million was paid to the Government of Canada by the Yukon Power Corporation and was applied in 1987-88, pursuant to Section 6(2) of the Act, against the Yukon related loans due to the Government of Canada by the Northern Canada Power Commission (see Table 7.18—Yukon Power Corporation in this section). Pursuant to Section 6(1) of the Act, the balance of the Yukon related loans was written-off to budgetary expenditure and was deleted from the accounts of Canada effective June 4, 1987.

The Northern Canada Power Commission (Share Issuance and Sale Authorization) Act, as passed by the House of Commons on April 13, 1988, authorized:

- the conversion of debt due to Her Majesty of \$96 million into share capital of \$43 million and a promissory note of \$53 million (Sections 4(1) and 5);
- the transfer of the property, rights and interests of Her Majesty held in the name of the Corporation and used in relation to its operations in the Northwest Territories to the Corporation (Section 6(1));
- the transfer of all outstanding liabilities and obligations of Her Majesty incurred by the Corporation in relation to its operations in the Northwest Territories to the Corporation (Section 6(2));
- the sale of the shares and the assignment of the promissory note to the Government of the Northwest Territories (Section 7); and,
- the write-off to budgetary expenditure and the deletion from the accounts of Canada of the excess of the value of the shares issued and of the promissory note as recorded in the accounts of Canada over the proceeds from the sale of shares and the assignment of the promissory note (Section 9(1)).

In 1988-89, the shares were sold and the promissory note was assigned as of May 5, 1988 for a total cash amount of \$53 million. The Government also recuperated a further \$0.9 million of accrued interest from April 1, 1988 to the date of the sale.

### Advances

Section 14 of the Northern Canada Power Commission Act authorized the payment to the Commission of \$50,000 for the purpose of meeting expenditures incurred in carrying out investigations in accordance with Section 13 of the Act.

The advances are non-interest bearing and have no fixed repayment dates.

### Prince Rupert Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

Loans were made to finance capital expenditures related to the Port of Prince Rupert.

During the year, the non-interest bearing loan totalling \$27,084,979 was forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

### Royal Canadian Mint

The Corporation was established by the Royal Canadian Mint Act, to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule C of the Financial Administration Act.

Section 3.1(1) of the Royal Canadian Mint Act states that the authorized capital of the Mint is \$40,000,000 divided into four thousand shares of ten thousand dollars each.

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25% to 12% per annum, and are repayable over 1 to 10 years, with final instalments between April 1, 1988 and April 1, 1998.

During the year, the Corporation paid interest of \$3 million and transferred \$12 million of profit to the Government.

### Saint John Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the term loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11% to 11.875% per annum, repayable at maturity on December 31, 1993 and December 31, 1994, \$10,817,600;
- (b) bearing interest at the rate of 12.43% per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625% per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, non-interest bearing loans totalling \$37,767,986 were forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

In 1987-88, the Corporation paid interest of \$50,865 to the Government.

### St John's Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of St John's.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of St John's. During the year, additional loans were authorized by Transport Vote L55, Appropriation Acts No 1 and No 3, 1987-88.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 9.33% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000, \$1,457,621; and,
- (b) bearing interest at the rate of 10.015% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1997, \$1,000,000.

During the year, the Corporation paid interest of \$146,786 to the Government.

### The St Lawrence Seaway Authority

The Corporation was established by The St Lawrence Seaway Authority Act, to construct, operate and maintain,

either wholly in Canada or in conjunction with works undertaken by an appropriate authority in the United States, a deep waterway between the Port of Montreal and Lake Erie.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule C of the Financial Administration Act.

The Corporation received financial assistance of \$24.5 million from budgetary appropriations in 1987-88.

The Government's contribution to the capital of the Corporation was recorded in this account.

During the year, recorded capital stock totalling \$624,950,000 was forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

### *The Jacques Cartier and Champlain Bridges Incorporated*

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to operate and maintain the Jacques Cartier Bridge and a portion of the Bonaventure Autoroute, in Montreal (Quebec). The Corporation is a wholly-owned subsidiary of The St Lawrence Seaway Authority.

The Corporation received financial assistance of \$6.2 million from budgetary appropriations in 1987-88.

This account recorded loans which were transferred from the Canada Ports Corporation.

On December 17, 1981, as per PC 1981-3635, the certificates of indebtedness were cancelled and replaced by a certificate bearing an issue date of April 1, 1981, an indefinite due date, with no repayment of principal, and an interest rate equal to zero percent per annum. Furthermore, accrued and unpaid interest amounting to \$44,513,580 as of March 31, 1981, on the original certificates, are to be treated as not due and payable as of April 1, 1981.

During the year, non-interest bearing loans totalling \$59,752,867 were forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

A non-interest bearing advance of \$6,489,605 is reported by the Corporation as being due to the Government. Although this amount has been deleted in the past, from the accounts of Canada, by a direct charge to the accumulated deficit account, it has not been forgiven.

### Teleglobe Canada

The Corporation was established by the Teleglobe Canada Act, to establish, maintain and operate, in Canada and elsewhere, external telecommunication services by cable, radiotelegraph, radio-telephone and any other means of telecommunication for the conduct of public communications, and to coordinate Canada's external telecommunication services with those of other parts of the British Commonwealth of Nations.

Teleglobe Canada was sold in April 1987 to Memotec Data Inc.

During the year, the loans were repaid in full.



The Corporation paid interest of \$17,708 and dividends of \$16.6 million to the Government in 1987-88.

### **Vancouver Port Corporation**

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule C of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The loan bears interest at the rate of 7.5% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, non-interest bearing loans totalling \$76,494,444 were forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

The Corporation paid interest of \$325,006 to the Government in 1987-88.

### **VIA Rail Canada Inc**

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to revitalize passenger rail services in Canada, and to manage and market them on an efficient commercial basis, reducing the financial burden on the Government.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule C of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$604.2 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is recorded in this account.

## **Summary Financial Statements of Crown Corporations**

Table 7.4 presents summary combined financial statements as at March 31, 1988 of the Crown corporations named in Section 96 or Schedule C of the Financial Administration Act. Table 7.5 displays the assets and liabilities and Table 7.6 the revenues, expenses and changes in equity of each corporation. For those corporations with March 31 year ends, the data are based on audited financial statements. For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The Crown corporations have been grouped in five segments. The category of competitive, self-sustaining corporations consists of those corporations named in Schedule C Part II of the Financial Administration Act.

The tables summarize the financial transactions and results of operations of each Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable. Net assets/liabilities represent the Government's equity in each Crown corporation as reported by that corporation.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Other net changes in equity include dividends declared, transfers of profits to the Government and non-current financial assistance provided by the Government.

Crown corporations are defined to include either parent Crown corporations or wholly-owned subsidiaries. A wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations. These tables present consolidated financial information on parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. Volume III of the Public Accounts includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Companies Operation Act. In accordance with Section 45 of the Financial Administration Act, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1988 is presented in Table 7.7.

Borrowings by non-agent Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.7 million as at March 31, 1988. A summary of borrowing transactions by non-agent Crown corporations is presented in Table 7.8. The maturity of all Crown corporations' borrowings is presented in Table 7.9. Contingent liabilities of Crown corporations are presented in Table 7.10.

A summary of financial assistance under Government budgetary appropriations to Crown corporations for the year ended March 31, 1988 is provided in Table 7.11. Differences in figures reported in Table 7.6 and those reported in Table 7.11 result from the use of different accounting policies and from items in transit.

**TABLE 7.4**  
**SUMMARY COMBINED FINANCIAL STATEMENTS OF CROWN CORPORATIONS BY SEGMENT**  
(in thousands of dollars)

	Competitive, self-sustaining	Lending and insurance	Marketing	Bank of Canada	Other	Elimination of intercorporate balances	Combined Crown corporations
<b>ASSETS AND LIABILITIES</b>							
<b>AS AT MARCH 31, 1988</b>							
<b>Assets</b>							
Financial							
Outside parties.....	2,856,573	22,968,793	4,495,505	1,007,830	656,398		31,985,099
Government and other Crown corporations.....	760,588	527,615	52,412	20,593,145	916,273	- 96,061	22,753,972
Total financial assets.....	3,617,161	23,496,408	4,547,917	21,600,975	1,572,671	- 96,061	54,739,071
Physical assets and deferred charges.....	17,716,532	288,317	794,207	167,568	6,453,901		25,420,525
Total assets.....	21,333,693	23,784,725	5,342,124	21,768,543	8,026,572	- 96,061	80,159,596
<b>Liabilities</b>							
Outside parties							
Borrowings.....	5,970,326	8,998,067	3,797,800		24,116		18,790,309
Bank of Canada notes in circulation and amounts owing to depositors.....				20,412,712			20,412,712
Other liabilities.....	4,441,515	1,342,177	1,449,771	464,955	1,945,918		9,644,336
Government and other Crown corporations.....	2,117,777	14,240,658	70,497	860,876	1,029,428	- 96,061	18,223,175
Total liabilities.....	12,529,618	24,580,902	5,318,068	21,738,543	2,999,462	- 96,061	67,070,532
Net assets/liabilities (-).....	8,804,075	- 796,177	24,056	30,000	5,027,110		13,089,064
Contingent liabilities.....	346,368	115,010	11,244		235,229		707,851
<b>REVENUES, EXPENSES AND CHANGES IN NET ASSETS/LIABILITIES (-) FOR THE YEAR ENDED MARCH 31, 1988</b>							
<b>Revenues</b>							
Outside parties.....	14,276,458	2,594,785	4,258,617		4,185,306		25,315,166
Government and other Crown corporations							
Financial assistance.....	68,147	1,629,750	454,600		2,430,663		4,583,160
Other.....	984,732	3,708	170,074	2,007,604	185,757	- 338,068	3,013,807
Total revenues.....	15,329,337	4,228,243	4,883,291	2,007,604	6,801,726	- 338,068	32,912,133
<b>Expenses</b>							
Outside parties.....	13,777,084	3,136,544	4,841,854	163,707	5,904,094		27,823,283
Government and other Crown corporations.....	855,911	1,270,819	44,548		960,963	- 339,491	2,792,750
Total expenses.....	14,632,995	4,407,363	4,886,402	163,707	6,865,057	- 339,491	30,616,033
Net income/loss (-) for the year.....	696,342	- 179,120	- 3,111	1,843,897	- 63,331	1,423	2,296,100
Other net changes in equity.....	- 74,422	- 8,406	- 172	- 1,843,897	619,321	- 1,423	- 1,308,999
Changes in net assets/liabilities (-) for the year.....	621,920	- 187,526	- 3,283		555,990		987,101
Net assets/liabilities (-), beginning of year.....	8,182,155	- 608,651	27,339	30,000	4,471,120		12,101,963
Net assets/liabilities (-), end of year.....	8,804,075	- 796,177	24,056	30,000	5,027,110		13,089,064

Notes to Table 7.5 are an integral part of this table.

TABLE 7.5

FINANCIAL POSITION OF CROWN CORPORATIONS—ASSETS AND LIABILITIES  
AS AT MARCH 31, 1988  
(in thousands of dollars)

	Assets			Liabilities					
	Financial		Physical assets and deferred charges	Outside parties		Government and other Crown corporations	Total	1988 Net assets or liabilities (-)	1987 Net assets or liabilities (-)
	Outside parties	Government and other Crown corporations		Borrowings	Other				
<b>Crown corporations<sup>(1)</sup></b>									
<b>Competitive, self-sustaining</b>									
Air Canada	533,287	140,565	2,303,965	2,977,817	1,430,249	698,291	279,199	2,407,739	570,078
Canada Development Investment Corporation	31,512	225,444	19,960	276,916		54,327		54,327	222,589
Eldorado Nuclear Limited <sup>(2)</sup>	74,321		836,008	910,329	625,670	123,205	10,093	758,968	151,361
Elimination of intercorporate equity		-151,361		-151,361					-151,361
Canada Ports Corporation	9,378	47,845	37,773	94,996		3,626	1,905	5,531	89,465
Canadian National Railway System	469,956	181,945	6,917,326	7,569,227	2,525,682	1,492,740	281,983	4,300,405	3,268,822
Halifax Port Corporation	2,376	7,131	53,546	62,963		2,700	4,124	6,824	56,139
Montreal Port Corporation	7,400	77,477	140,433	225,310		17,050	12,421	29,471	195,839
Petro-Canada <sup>(3)</sup>	1,661,174	30,935	6,940,521	8,632,630	1,369,029	2,007,436	1,366,759	4,743,224	3,889,406
Port of Quebec Corporation	1,607	23,680	43,264	68,551		3,188	300	3,488	65,063
Prince Rupert Port Corporation	1,759	12,503	71,168	85,430		852	48,301	49,153	36,277
Royal Canadian Mint <sup>(4)</sup>	12,070	32,160	75,094	119,324		20,880	85,251	106,131	13,193
Saint John Port Corporation	1,477	9,058	81,447	91,982	19,696	2,868	20,661	43,225	48,757
St John's Port Corporation	298	895	14,199	15,392		599	2,527	3,126	12,266
Telelobe Canada <sup>(5)(7)(9)</sup>	35,856	48,968	84,824	169,648		9	9	84,815	310,270
Vancouver Port Corporation	14,102	73,343	181,918	269,363		13,744	4,253	17,997	251,366
Total—Competitive, self-sustaining	2,856,573	760,588	17,716,532	21,333,693	5,970,326	4,441,515	2,117,777	12,329,618	8,804,075
<b>Lending and insurance</b>									
Canada Deposit Insurance Corporation	682,950	27,349	680	710,979	496,771	754	1,349,614	1,847,139	-1,136,160
Canada Mortgage and Housing Corporation	9,291,095	46,557	15,123	9,352,775		33,980	9,268,795	9,302,775	50,000
Insurance programs	74,360	342,310	174,471	591,141		831,444	9,261	840,705	-249,564
Export Development Corporation	6,523,359	5,172	6,528,531	12,531,911	5,257,204	345,718	25,480	5,628,402	900,129
Farm Credit Corporation	4,210,897	10,190	86,104	4,307,191	1,328,156	51,660	3,564,004	4,943,820	-636,629
Federal Business Development Bank	2,186,132	96,037	11,939	2,294,108	1,915,936	78,621	23,504	2,018,061	276,047
Total—Lending and insurance	22,968,793	527,615	288,317	23,784,725	8,998,067	1,342,177	14,240,658	24,580,902	-796,177
<b>Marketing</b>									
Canadian Commercial Corporation	605,535	797		606,332		574,773	2,119	576,892	29,440
Canadian Dairy Commission	44,118	49,068	33,489	126,675		100,767	25,908	126,675	
Canadian Salfish Corporation	19,339	436	7,840	27,615		4,149	28,850	32,999	-5,384
Canadian Wheat Board, The	3,818,827	2,111	734,580	4,555,518	3,797,800	749,361	8,357	4,555,518	
Canagrex <sup>(6)</sup>	7,686		18,298	25,984		20,721	5,263	25,984	168
Freshwater Fish Marketing Corporation	4,495,505	52,412	794,207	5,342,124	3,797,800	1,449,771	70,497	5,318,068	24,056
Total—Marketing									27,339
<b>Bank of Canada</b>	1,007,830	20,593,145	167,568	21,768,543		20,877,667	860,876	21,738,543	30,000
<b>Other</b>									
Atlantic Pilotage Authority	779	5	1,046	1,830	484	1,201	295	1,980	-150
Atomic Energy of Canada Limited	224,477	16,980	794,807	1,036,264	22,486	157,686	648,704	828,876	207,388
Canada Council	88,392	26,588	13,744	128,724		24,506	548	25,054	103,670
Canada Harbour Place Corporation	1,133	44	69,870	71,047		387		387	70,660
Canada Lands Company Limited— Canada Lands Company (Le Vieux- Port de Montréal) Limited	380	218	344	942		921	21	942	
Canada Lands Company (Mirabel) Limited	1,484	1,167		2,651		1,448	1,203	2,651	
Canada Lands Company (Vieux-Port de Québec) Inc.	1,322	397		1,719		632	884	1,516	203
Canada Museums Construction Corporation Inc.	2,853	7,245	239,784	249,882		23,785	23,785	226,097	157,347
Canada Post Corporation	78,842	528,751	1,966,402	2,573,995		851,434	110,443	961,877	1,612,118
Canadian Broadcasting Corporation	62,604	29,775	707,058	799,437		258,844	33,000	291,844	507,953
Canadian Film Development Corporation	8,490	16,057	2,788	27,335		7,442	7,442	19,893	28,496
Canadian Institute for International Peace and Security	1,653		184	1,837		240		240	1,597
Canada Livestock Feed Board	351	1,763		2,114		1,937		1,937	177
Canadian National (West Indies) Steam- ships Ltd <sup>(7)(8)</sup>	1,157	95		1,252		14	324	338	914
Canadian Patents and Development Limited	1,128	61	18	1,207		857	25	882	325
Canertech Inc <sup>(9)</sup>	13,390			13,390		459	29,550	30,009	-16,619
Cape Breton Development Corporation— Coal Division	36,886	1,120	555,126	593,132		37,743	74,957	518,175	485,038
Industrial Development Division	10,351	2,205	19,677	32,233		1,970		1,970	30,263
Defence Construction (1951) Limited	1,562	109	304	1,975		3,756	1,160	4,916	-2,941
Great Lakes Pilotage Authority, Ltd.	994		29	1,023		3,414		3,414	-2,391

TABLE 7.5

## FINANCIAL POSITION OF CROWN CORPORATIONS—ASSETS AND LIABILITIES

AS AT MARCH 31, 1988—Concluded

(in thousands of dollars)

	Assets				Liabilities					
	Financial		Physical assets and deferred charges	Total	Outside parties		Government and other Crown corporations	Total	1988 Net assets or liabilities (—)	1987 Net assets or liabilities (—)
	Outside parties	Government and other Crown corporations			Borrowings	Other				
Crown corporations <sup>(1)</sup>										
Harbourfront Corporation	26,016	9,955	6,439	42,410		3,649	81	3,730	38,680	1,417
International Centre for Ocean Development	72	170		242		209		209	33	44
International Development Research Centre	19,892		4,402	24,294		15,390	333	15,723	8,571	2,555
Jacques Cartier and Champlain Bridges Incorporated, The	1,658	4,173	19,049	24,880		2,874	368	3,242	21,638	— 88,139
Laurentian Pilotage Authority	2,749		868	3,617	926	3,524		4,450	— 833	341
Marine Atlantic Inc.	7,944	5,614	306,554	320,112	212	317,173	4,721	322,106	— 1,994	— 5,554
Mingan Associates, Ltd. <sup>(7)</sup>			355	355					355	355
National Arts Centre Corporation	2,617	193	5,498	8,308		4,802	1,500	6,302	2,006	1,519
National Capital Commission	3,014	16,998	299,718	319,730		27,684	6,223	33,907	285,823	267,063
Northern Canada Power Commission <sup>(10)</sup>	10,275	15,755	111,951	137,981		9,977	100,505	110,482	27,499	24,946
Pacific Pilotage Authority	3,502		940	4,442		1,818		1,818	2,624	2,524
Seaway International Bridge Corporation, Ltd., The	230		250	480	8	464		472	8	8
Standards Council of Canada	757	359	612	1,728		883	102	985	743	1,922
St Lawrence Seaway Authority, The	20,360	29,126	553,470	602,956		25,864	302	26,166	576,790	417,231
VIA Rail Canada Inc.	19,084	201,350	772,614	993,048		152,931	51,922	204,853	788,195	740,871
Total—Other	656,398	916,273	6,453,901	8,026,572	24,116	1,945,918	1,029,428	2,999,462	5,027,110	4,471,120
Total—All Crown corporations	31,985,099	22,850,033	25,420,525	80,255,657	18,790,309	30,057,048	18,319,236	67,166,593	13,089,064	12,101,963
Elimination of intercorporate balances		— 96,061		— 96,061				— 96,061		
Total combined Crown corporations	31,985,099	22,753,972	25,420,525	80,159,596	18,790,309	30,057,048	18,223,175	67,070,532	13,089,064	12,101,963

(1) All Crown corporations listed in this table are parent Crown corporations except the following unconsolidated subsidiaries: Canada Lands Company (Mirabel) Limited, Canada Lands Company (Le Vieux-Port de Montréal) Limited, Canada Lands Company (Vieux-Port de Québec) Inc, Canertech Inc, Eldorado Nuclear Limited, The Jacques Cartier and Champlain Bridges Incorporated and The Seaway International Bridge Corporation, Ltd.

(2) Eldorado Nuclear Limited: the Corporation is wholly-owned by the Canada Development Investment Corporation (CDIC). The Corporation is accounted for on the equity basis of accounting by CDIC with the net result that its net assets of \$151,361 as at March 31, 1988 are reflected under "Assets—Government and other Crown corporations" (March 31, 1987 \$138,209), and its net income is included in the revenues of CDIC.

(3) Petro-Canada has been authorized to dissolve Canertech Inc and dispose of its investments on October 9, 1986.

(4) Royal Canadian Mint has been reclassified under the Competitive, self-sustaining corporation category as at December 17, 1987 following its reclassification in the Financial Administration Act as a Schedule C Part II corporation.

(5) On April 4, 1987, Bill C-38, the Teleglobe Canada Reorganization and Divestiture Act, received Royal Assent pursuant to the letter of intent signed February 11, 1987 selling the assets of Teleglobe Canada to Memotec Data Inc. The Corporation is potentially liable for bills of exchange. The obligation amounts to \$26,131,294 (\$60,812,643) as at March 31, 1988 and matures in 1993.

(6) Bill C-2 procuring the dissolution of Canagrex received Royal Assent on October 8, 1987.

(7) The Corporation is inactive.

(8) On October 29, 1985, Bill C-60 received Royal Assent and authorized the Minister responsible for Canadian National (West Indies) Steamships Ltd, to dissolve the Corporation.

(9) The Corporation is being wound up.

(10) Bill C-125, an Act enabling the Northern Canada Power Commission to issue shares, to authorize the sale of those shares to the Government of the Northwest Territories and to repeal the Northern Canada Power Commission Act as well as deleting it from Schedule C of the Financial Administration Act, received Royal Assent on April 27, 1988.



TABLE 7.6

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CROWN CORPORATIONS  
FOR THE YEAR ENDED MARCH 31, 1988

(in thousands of dollars)

Crown corporations	Revenues				Expenses				Net income/loss (-)	Other net changes in equity	Net assets or liabilities (-) beginning 1988	Net assets or liabilities (-) end 1988
	Outside parties	Government and Crown corporations Financial assistance <sup>(1)</sup>	Other	Total	Outside parties	Government and Crown corporations	Total					
<b>Competitive, self-sustaining</b>												
Air Canada	3,173,992		58,991	3,232,983	3,136,261	96,443	3,232,704	279			569,799	570,078
Canada Development Investment Corporation	893		14,477	15,370	21,806		21,806	-6,436	-59,533	288,558	222,589	
Eldorado Nuclear Limited	350,652			350,652	333,150		333,150	17,502	-4,350	138,209	151,361	
Elimination of intercorporate equity			-13,152	-13,152				-13,152		-138,209	-151,361	
Canada Ports Corporation	8,361		9,576	17,937	24,136	-5,736	18,400	-463	23,653	66,275	89,465	
Canadian National Railway System	4,253,977		690,748	4,944,725	4,467,146	206,908	4,674,054	270,671	-24,116	3,022,267	3,268,822	
Halifax Port Corporation	13,474		470	13,944	11,040	1,104	12,144	1,800	30,557	23,782	56,139	
Montreal Port Corporation	50,013		17,797	67,810	52,035	886	52,921	14,889	226,885	-45,935	195,839	
Petro-Canada	5,090,657	67,366	147,579	5,305,602	4,685,237	493,278	5,178,515	127,087		3,762,319	3,889,406	
Port of Quebec Corporation	9,444		3,375	12,819	8,971	1,547	10,518	2,301	1,423	61,339	65,063	
Prince Rupert Port Corporation	15,135		892	16,027	11,555		11,555	4,472	37,863	-6,058	36,277	
Royal Canadian Mint	1,032,722		49,416	1,082,138	997,480	54,103	1,051,583	30,555	-18,362	1,000	13,193	
Saint John Port Corporation	10,222	781		11,003	8,893	3,062	11,955	-952	47,791	1,918	48,757	
St John's Port Corporation	2,482		225	2,707	2,207	451	2,658	49	383	11,834	12,266	
Teleglobe Canada	216,335			216,335	117	1,186	1,303	215,032	-440,487	310,270	84,815	
Vancouver Port Corporation	48,099		4,338	52,437	17,050	2,679	19,729	32,708	103,871	114,787	251,366	
Total—Competitive, self-sustaining	14,276,458	68,147	984,732	15,329,337	13,777,084	855,911	14,632,995	696,342	-74,422	8,182,155	8,804,075	
<b>Lending and insurance</b>												
Canada Deposit Insurance Corporation	283,033		2,797	285,830	46,588	106,841	153,429	132,401		-1,268,561	-1,136,160	
Canada Mortgage and Housing Corporation	828,581	59,530	325	888,436	177,698	676,189	853,887	34,549	-34,549	50,000	50,000	
Insurance programs	158,138			158,138	-69,305	69,786	481	157,657	-1,857	-405,364	-249,564	
Minister's account		1,528,455		1,528,455	1,443,392	85,063	1,528,455					
Export Development Corporation	666,244		586	666,830	667,074	-1,928	665,146	1,684		898,445	900,129	
Farm Credit Corporation	384,018	15,000		399,018	578,622	332,234	910,856	-511,838		-124,791	-636,629	
Federal Business Development Bank	274,771	26,765		301,536	292,475	2,634	295,109	6,427	28,000	241,620	276,047	
Total—Lending and insurance	2,594,785	1,629,750	3,708	4,228,243	3,136,544	1,270,819	4,407,363	-179,120	-8,406	-608,651	-796,177	
<b>Marketing</b>												
Canadian Commercial Corporation	686,564	11,808		698,372	690,325	9,995	700,320	-1,948		31,388	29,440	
Canadian Dairy Commission	399,749	292,504	11,408	703,661	672,148	31,513	703,661					
Canadian Saltfish Corporation	80,069		2,891	82,960	81,087	3,040	84,127	-1,167		-4,217	-5,384	
Canadian Wheat Board, The	3,034,129	150,284	155,775	3,340,188	3,340,188		3,340,188					
Canagrex		4		4					4	-172	168	
Freshwater Fish Marketing Corporation	58,106			58,106	58,106		58,106					
Total—Marketing	4,258,617	454,600	170,074	4,883,291	4,841,854	44,548	4,886,402	-3,111	-172	27,339	24,056	
Bank of Canada			2,007,604	2,007,604	163,707		163,707	1,843,897	-1,843,897	30,000	30,000	
<b>Other</b>												
Atlantic Pilotage Authority	6,620	460	29	7,109	6,666	30	6,696	413		-563	-150	
Atomic Energy of Canada Limited	358,219	175,409	1,102	534,730	200,695	322,308	523,003	11,727		195,661	207,388	
Canada Council	12,052	96,895	2,209	111,156	99,192		99,192	11,964		91,706	103,670	
Canada Harbour Place Corporation	4,826	2,000	209	7,035	16,466	209	16,675	-9,640		80,300	70,660	
Canada Lands Company Limited—Canada Lands Company (Le Vieux-Port de Montréal) Limited	831	3,400		4,231	3,264		3,264	967	-967			
Canada Lands Company (Mirabel) Limited	23,692	5,292		28,984	6,799		6,799	22,185	-22,185			
Canada Lands Company (Vieux-Port de Québec) Inc	794	5,561		6,355	4,932	1,423	6,355			203	203	
Canada Museums Construction Corporation Inc										68,750	157,347	226,097
Canada Post Corporation	2,732,940	294,055	141,557	3,168,552	2,738,147	438,168	3,176,315	-7,763	21,541	1,598,340	1,612,118	
Canadian Broadcasting Corporation	320,905	796,266	4,796	1,121,967	1,166,199		1,166,199	-44,232	91,344	460,481	507,953	
Canadian Film Development Corporation												
	13,608	108,522		122,130	120,743	1,259	122,002	128	-8,731	28,496	19,893	
Canadian Institute for International Peace and Security	75	4,000		4,075	3,880		3,880	195		1,402	1,597	
Canadian Livestock Feed Board		18,517	3	18,520	18,446	210	18,656	-136		313	177	
Canadian National (West Indies) Steamships Ltd		81		81					81	833	914	
Canadian Patents and Development Limited	1,775	1,113	68	2,956	2,590	25	2,615	341		-16	325	
Canertech Inc	1,168			1,168	600		600	568		-17,187	-16,619	



TABLE 7.6

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CROWN CORPORATIONS  
FOR THE YEAR ENDED MARCH 31, 1988—*Concluded*  
(in thousands of dollars)

	Revenues				Expenses			Net income/or loss (–)	Other net changes in equity	Net assets or liabilities (–) beginning 1988	Net assets or liabilities (–) end 1988
	Outside parties	Government and Crown corporations Financial assistance <sup>(1)</sup>	Other	Total	Outside parties	Government and Crown corporations	Total				
Crown corporations											
Cape Breton Development Corporation—											
Coal Division .....	200,951	1,672	4,462	207,085	263,111		263,111	– 56,026	89,163	485,038	518,175
Industrial Development Division .....	3,800	10,600	116	14,516	10,252		10,252	4,264		25,999	30,263
Defence Construction (1951) Limited .....	266	12,579		12,845	12,871		12,871	– 26		– 2,915	– 2,941
Great Lakes Pilotage Authority, Ltd. ....	9,645			9,645	10,615		10,615	– 970		– 1,421	– 2,391
Harbourfront Corporation .....	10,752		975	11,727	15,474	37	15,511	– 3,784	41,047	1,417	38,680
International Centre for Ocean Development .....	12	6,400	136	6,548	6,475	84	6,559	– 11		44	33
International Development Research Centre .....	2,881	108,100	1,436	112,417	106,401		106,401	6,016		2,555	8,571
Jacques Cartier and Champlain Bridges Incorporated, The .....	7,870	6,003	225	14,098	12,393	2,788	15,181	– 1,083	110,860	– 88,139	21,638
Laurentian Pilotage Authority .....	27,807	500		28,307	29,481		29,481	– 1,174		341	– 833
Marine Atlantic Inc. ....	61,995	118,507	3,108	183,610	174,206	5,844	180,050	3,560		– 5,554	– 1,994
Mingan Associates, Ltd. ....										355	355
National Arts Centre Corporation .....	16,741	14,966	1,052	32,759	31,219	1,053	32,272	487		1,519	2,006
National Capital Commission .....	13,645	63,671	2,087	79,403	91,174	8,806	99,980	– 20,577	39,337	267,063	285,823
Northern Canada Power Commission .....	66,069		11,588	77,657	58,626	15,988	74,614	3,043	– 490	24,946	27,499
Pacific Pilotage Authority .....	26,795			26,795	26,695		26,695	100		2,524	2,624
Seaway International Bridge Corporation, Ltd. The .....	1,665			1,665	1,299	366	1,665			8	8
Standards Council of Canada .....	960	6,531	391	7,882	8,464	597	9,061	– 1,179		1,922	743
St. Lawrence Seaway Authority, The .....	63,718		2,772	66,490	69,653	1,256	70,909	– 4,419	163,978	417,231	576,790
VIA Rail Canada Inc. ....	192,229	569,563	7,436	769,228	587,066	160,512	747,578	21,650	25,674	740,871	788,195
Total—Other .....	4,185,306	2,430,663	185,757	6,801,726	5,904,094	960,963	6,865,057	– 63,331	619,321	4,471,120	5,027,110
Total—All Crown corporations .....	25,315,166	4,583,160	3,351,875	33,250,201	27,823,283	3,132,241	30,955,524	2,294,677	– 1,307,576	12,101,963	13,089,064
Elimination of balances between Crown corporations .....			– 338,068	– 338,068		– 339,491	– 339,491	1,423	– 1,423		
Total combined Crown corporations .....	25,315,166	4,583,160	3,013,807	32,912,133	27,823,283	2,792,750	30,616,033	2,296,100	– 1,308,999	12,101,963	13,089,064

Notes to Table 7.5 are an integral part of this table.

<sup>(1)</sup> This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$518,035 has been capitalized by the corporations and is included in "Other net changes in equity". Revenues "Other" include amounts generated from the sale of goods or services, investment income as well as grants where the corporation qualifies as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amounts reported in Table 7.11 because of different accounting policies and items in transit.

## Borrowings by Agent Crown Corporations

Table 7.7 summarizes the borrowing transactions by agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 40 of the Financial Administration Act (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts". The borrowings are from other than the Government. In accordance with Section 45 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue

Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1988, an allowance for borrowings expected to be repaid by the Government was established at \$450 million.

Borrowings by non-agent Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 7.8 provides information on borrowings of such corporations.

TABLE 7.7

### BORROWINGS BY AGENT CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1987	Borrowings and other credits	Repayments and other charges	Balance March 31/1988
Atomic Energy of Canada Limited .....	23,853	1,933	3,300	22,486
Canada Deposit Insurance Corporation .....	987,830	79,438	570,497	496,771
Canada Development Investment Corporation— Eldorado Nuclear Limited .....	615,785	27,839	17,954	625,670
Canadian Wheat Board, The .....	4,017,295	12,647,500	12,866,995	3,797,800
Export Development Corporation .....	5,814,483	38,649,050	39,206,329	5,257,204
Farm Credit Corporation .....	1,597,809		269,653	1,328,156
Federal Business Development Bank .....	1,562,944	6,076,938	5,723,946	1,915,936
Petro-Canada .....	1,072,792	4,325,236	4,028,999	1,369,029
Saint John Port Corporation .....	19,696			19,696
Seaway International Bridge Corporation, Ltd, The .....	8			8
Telelobe Canada .....	54,316		54,316	
Total .....	15,766,811	61,807,934	62,741,989	14,832,756
Allowance for borrowings of agent Crown corporations expected to be repaid by the Government .....	- 100,000		350,000	- 450,000
Borrowings expected to be repaid by agent Crown corporations reported on the Statement of Assets and Liabilities .....	15,666,811	61,807,934	63,091,989	14,382,756

Notes to Table 7.5 are an integral part of this table.

## Borrowings by Crown Corporations

Table 7.8 summarizes the borrowing transactions of agent and non-agent Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

TABLE 7.8

### BORROWINGS BY CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1987	Borrowings and other credits	Repayments and other charges	Balance March 31/1988
Borrowings by agent Crown corporations, Table 7.7 .....	15,766,811	61,807,934	62,741,989	14,832,756
Borrowings by non-agent Crown corporations— Air Canada .....	1,430,701	140,413	140,865	1,430,249
Atlantic Pilotage Authority .....	239	245		484
Canadian National Railway System .....	3,037,686	19,021	531,025	2,525,682
Laurentian Pilotage Authority .....	350	576		926
National Arts Centre Corporation .....		2,590	2,590	
Marine Atlantic Inc .....		607	395	212
	4,468,976	163,452	674,875	3,957,553
Total .....	20,235,787	61,971,386	63,416,864	18,790,309

Notes to Table 7.5 are an integral part of this table.

## Maturity of Borrowings by Crown Corporations

Table 7.9 summarizes the maturity of borrowings by agent and non-agent Crown corporations, as at March 31, 1988.

TABLE 7.9

### MATURITY OF BORROWINGS BY CROWN CORPORATIONS

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1989 .....	8,436,536	118,419	8,554,955
1990 .....	933,381	118,299	1,051,680
1991 .....	1,375,655	124,161	1,499,816
1992 .....	869,731	143,466	1,013,197
1993 .....	863,329	153,605	1,016,934
1994/98 .....	2,087,600	1,295,463	3,383,063
1999/2003 .....		944,635	944,635
2004 and after.....	266,524	1,059,505	1,326,029
	14,832,756	3,957,553	18,790,309

Notes to Table 7.5 are an integral part of this table.

## Contingent Liabilities of Crown Corporations

Table 7.10 summarizes the contingent liabilities of Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 7.10

### CONTINGENT LIABILITIES OF CROWN CORPORATIONS

(in thousands of dollars)

	March 31, 1988
<b>Agent Crown corporations</b>	
Canada Mortgage and Housing Corporation—insulation program and other litigation .....	49,900
Canada Museums Construction Corporation Inc.—contract disputes .....	12,000
Canada Ports Corporation—miscellaneous litigation .....	1,131
Canadian Commercial Corporation—contract damages .....	7,544
Canadian Saltfish Corporation—loan guarantee .....	3,700
Canertech Inc.—miscellaneous litigation .....	77,000
Cape Breton Development Corporation—loan guarantee .....	40,300
Defence Construction (1951) Limited—contract disputes .....	6,732
Export Development Corporation—loan guarantees and loans with recourse .....	64,000
Federal Business Development Bank—loan guarantees .....	1,110
Montreal Port Corporation—miscellaneous litigation .....	6,318
National Capital Commission—miscellaneous litigation and agreements .....	32,142
Northern Canada Power Commission—miscellaneous litigation .....	200
Petro-Canada—loan guarantee .....	135,000
Port of Quebec Corporation—miscellaneous litigation .....	3,400
St John's Port Corporation—miscellaneous litigation .....	5,106
St Lawrence Seaway Authority—claims for damages .....	49,100
Teleglobe Canada—guaranteed bills of exchange .....	60,813
	555,496
<b>Non-agent Crown corporations</b>	
Air Canada—residual value support under sale and leaseback agreements .....	134,600
Atlantic Pilotage Authority—miscellaneous litigation .....	855
Marine Atlantic Inc.—contract disputes .....	16,900
	152,355
<b>Total</b> .....	707,851

Notes to Table 7.5 are an integral part of this table.

## Financial Assistance Under Budgetary Appropriations to Crown Corporations

Table 7.11 summarizes financial assistance under budgetary appropriations for both agent and non-agent Crown corporations. It should be read in conjunction with Table 7.4. The purpose for which payments have been made under budgetary

appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 7.11

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CROWN CORPORATIONS  
FOR THE YEAR ENDED MARCH 31, 1988  
(in thousands of dollars)

	Financial assistance under budgetary appropriations <sup>(1)(3)</sup>	Purpose	
		Operations	Capital expenditures
<u>Agent Crown corporations</u>			
Atomic Energy of Canada Limited .....	175,410	175,410	
Canada Harbour Place Corporation .....	2,000	2,000	
Canada Lands Company (Le Vieux-Port de Montréal) Limited .....	3,400	3,400	
Canada Lands Company (Mirabel) Limited .....	5,333	5,333	
Canada Lands Company (Vieux-Port de Québec) Inc .....	5,124	5,124	
Canada Mortgage and Housing Corporation <sup>(2)</sup> .....	1,550,230	1,550,230	
Canada Museums Construction Corporation Inc .....	68,750	68,750	
Canada Ports Corporation .....	2,144	2,144	
Canada Post Corporation .....	442,593	281,593	161,000
Canadian Broadcasting Corporation .....	887,021	796,266	90,755
Canadian Commercial Corporation .....	11,808	11,808	
Canadian Dairy Commission .....	291,446	291,446	
Canadian Film Development Corporation .....	115,646	115,646	
Canadian Livestock Feed Board .....	18,634	18,634	
Canadian Patents and Development Limited .....	1,113	1,113	
Canadian Wheat Board, The .....	150,490	150,490	
Cape Breton Development Corporation .....	101,435	12,272	89,163
Defence Construction (1951) Limited .....	13,550	13,550	
Farm Credit Corporation .....	15,000	15,000	
Federal Business Development Bank .....	77,765	77,765	
National Capital Commission .....	103,008	63,671	39,337
Petro-Canada .....	67,400	67,400	
St Lawrence Seaway Authority, The .....	24,500	24,500	
	<i>4,133,800</i>	<i>3,753,545</i>	<i>380,255</i>
<u>Non-agent Crown corporations</u>			
Atlantic Pilotage Authority .....	444	444	
Canada Council .....	96,895	96,895	
Canadian Institute for International Peace and Security .....	4,000	4,000	
Canadian National Railway System .....	24,043	24,043	
Great Lakes Pilotage Authority, Ltd. ....	1,019	1,019	
International Centre for Ocean Development .....	6,400	6,400	
International Development Research Centre .....	108,100	108,100	
Jacques Cartier and Champlain Bridges Incorporated, The .....	6,229	6,229	
Laurentian Pilotage Authority .....	1,543	1,543	
Marine Atlantic Inc .....	127,604	127,604	
National Arts Centre Corporation .....	16,728	16,728	
Standards Council of Canada .....	6,531	6,531	
VIA Rail Canada Inc .....	604,205	604,205	
	<i>1,003,741</i>	<i>1,003,741</i>	
Total .....	5,137,541	4,757,286	380,255

(1) Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

(2) Includes budgetary appropriations for Government programs and insurance funds administered by the Corporation on behalf of the Government.

(3) Pursuant to Section 18 of the Financial Administration Act, certain debts due to Her Majesty in right of Canada by the following corporations were forgiven during the year. These amounts have previously been charged to the deficit through the allowance established in other years and therefore are not included above under Financial Assistance under Budgetary Appropriations to Crown corporations.

<u>Agent Crown corporations</u>		<u>Non-agent Crown corporations</u>	
Canadian Commercial Corporation .....	10,000	Canadian National Railway System .....	19,453
Canadian Film Development Corporation .....	6,314	Jacques Cartier and Champlain Bridges Incorporated, The .....	59,753
Canadian Patents and Development Limited .....	296	Marine Atlantic Inc. ....	327,558
Canada Ports Corporation .....	17,841		406,764
Halifax Port Corporation .....	25,556		
Montreal Port Corporation .....	132,995		
Northern Canada Power Commission .....	33,126		
Prince Rupert Port Corporation .....	27,085		
Saint John Port Corporation .....	37,768		
St Lawrence Seaway Authority, The .....	624,950		
Vancouver Port Corporation .....	76,494		
	992,425	Total .....	1,399,189



## PROVINCIAL AND TERRITORIAL GOVERNMENTS

This group records loans to provinces made under relief acts and other legislation.

Table 7.12 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

**TABLE 7.12**

### PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (—)	
	\$	\$	\$	\$	1988	1987
<b>NEWFOUNDLAND—</b>						
Atlantic Canada Opportunities Agency— Special areas and highways agreement .....	32,368,022	2,322,622		30,045,400	– 2,322,622	– 2,143,832
<b>Finance—</b>						
Federal-provincial employment loans program .....	3,661,214			3,661,214		
Municipal Development and Loan Board ...	5,043,535	204,169		4,839,366	– 204,169	– 188,934
Special development loans program .....	6,700,000			6,700,000		
Winter capital projects fund .....	6,989,312	37,511		6,951,801	– 37,511	– 36,449
	22,394,061	241,680		22,152,381	– 241,680	– 225,383
<b>Regional Industrial Expansion—</b>						
Atlantic Development Board carry-over projects .....	973,495	48,061		925,434	– 48,061	– 35,815
Atlantic Provinces Power Development Act	75,418,663	2,074,800		73,343,863	– 2,074,800	– 1,939,381
	76,392,158	2,122,861		74,269,297	– 2,122,861	– 1,975,196
<b>Total Newfoundland .....</b>	<b>131,154,241</b>	<b>4,687,163</b>		<b>126,467,078</b>	<b>– 4,687,163</b>	<b>– 4,344,411</b>
<b>NOVA SCOTIA—</b>						
Atlantic Canada Opportunities Agency— Special areas and highways agreement .....	20,977,067	2,048,840		18,928,227	– 2,048,840	– 2,007,640
<b>Energy, Mines and Resources—</b>						
Regional electrical interconnections .....	2,502,736	30,382		2,472,354	– 30,382	– 27,556
<b>Finance—</b>						
Federal-provincial employment loans program .....	2,289,502	612,554		1,676,948	– 612,554	– 572,733
Municipal Development and Loan Board ...	1,257,985	117,667		1,140,318	– 117,667	– 513,232
Special development loans program .....	4,300,000			4,300,000		
Winter capital projects fund .....	4,036,953	310,293		3,726,660	– 310,293	– 545,989
	11,884,440	1,040,514		10,843,926	– 1,040,514	– 1,631,954
<b>Regional Industrial Expansion—</b>						
Atlantic Development Board carry-over projects .....	3,811,966	161,821		3,650,145	– 161,821	– 150,390
Atlantic Provinces Power Development Act	39,710,279	1,891,880		37,818,399	– 1,891,880	– 1,779,241
Mainland Investments Limited .....	500,000	500,000			– 500,000	– 500,000
	44,022,245	2,553,701		41,468,544	– 2,553,701	– 2,429,631
<b>Total Nova Scotia .....</b>	<b>79,386,488</b>	<b>5,673,437</b>		<b>73,713,051</b>	<b>– 5,673,437</b>	<b>– 6,096,781</b>
<b>PRINCE EDWARD ISLAND—</b>						
Atlantic Canada Opportunities Agency— Comprehensive development plan agreement .....	11,217,514	188,809		11,028,705	– 188,809	– 174,798
<b>Finance—</b>						
Federal-provincial employment loans program .....	178,332	17,545		160,787	– 17,545	– 16,437
Federal-provincial fiscal arrangements .....			3,687,000	3,687,000	3,687,000	
Municipal Development and Loan Board ...	698,650	34,226		664,424	– 34,226	– 64,647
Special development loans program .....	161,847	28,421		133,426	– 28,421	– 51,735
Winter capital projects fund .....	1,011,425	56,758		954,667	– 56,758	– 52,614
	2,050,254	136,950	3,687,000	5,600,304	3,550,050	– 185,433
<b>Regional Industrial Expansion—</b>						
Atlantic Development Board carry-over projects .....	22,757	1,235		21,522	– 1,235	– 1,149
<b>Total Prince Edward Island .....</b>	<b>13,290,525</b>	<b>326,994</b>	<b>3,687,000</b>	<b>16,650,531</b>	<b>3,360,006</b>	<b>– 361,380</b>

TABLE 7.12

## PROVINCIAL AND TERRITORIAL GOVERNMENTS—Continued

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (—)	
	\$	\$	\$	\$	1988	1987
<b>NEW BRUNSWICK—</b>						
Atlantic Canada Opportunities Agency— Special areas and highways agreement .....	37,646,542	2,405,289		35,241,253	– 2,405,289	– 2,227,423
Energy, Mines and Resources— Regional electrical interconnections .....	4,739,336	58,720		4,680,616	– 58,720	– 53,697
Finance—						
Federal-provincial employment loans pro- gram .....	6,079,874	189,341		5,890,533	– 189,341	– 178,360
Federal-provincial fiscal arrangements .....	2,352,000	2,352,000			– 2,352,000	2,352,000
Municipal Development and Loan Board ....	5,404,556	152,233		5,252,323	– 152,233	– 223,207
Special development loans program .....	5,375,000			5,375,000		
Winter capital projects fund .....	9,400,605	101,888		9,298,717	– 101,888	– 93,627
	28,612,035	2,795,462		25,816,573	– 2,795,462	1,856,806
Regional Industrial Expansion—						
Atlantic Development Board carry-over projects .....	799,794	38,441		761,353	– 38,441	– 35,759
Atlantic Provinces Power Development Act ..	39,623,128	1,832,544		37,790,584	– 1,832,544	– 1,730,933
	40,422,922	1,870,985		38,551,937	– 1,870,985	– 1,766,692
Total New Brunswick .....	111,420,835	7,130,456		104,290,379	– 7,130,456	– 2,191,006
<b>QUEBEC—</b>						
Finance—						
Federal-provincial employment loans pro- gram .....	61,300,779			61,300,779		
Municipal Development and Loan Board ....	44,155,303	2,488,922		41,666,381	– 2,488,922	– 2,931,445
Special development loans program .....	70,300,000			70,300,000		
Winter capital projects fund .....	91,314,928			91,314,928		
	267,071,010	2,488,922		264,582,088		– 2,931,445
Regional Industrial Expansion—						
Special areas and highways agreement .....	97,295,054	2,382,441		94,912,613	– 2,382,441	– 2,200,860
Total Quebec .....	364,366,064	4,871,363		359,494,701	– 4,871,363	– 5,132,305
<b>ONTARIO—</b>						
Finance—						
Federal-provincial employment loans pro- gram .....	8,605,916	894,091		7,711,825	– 894,091	– 835,818
Municipal Development and Loan Board ....	13,593,617	3,413,744		10,179,873	– 3,413,744	– 4,894,613
Special development loans program .....	1,338,080	235,754		1,102,326	– 235,754	– 221,478
Winter capital projects fund .....	28,768,842	2,109,708		26,659,134	– 2,109,708	– 2,882,113
Total Ontario .....	52,306,455	6,653,297		45,653,158	– 6,653,297	– 8,834,022
<b>MANITOBA—</b>						
Agriculture—						
Agricultural service centres .....	6,152,306	380,393		5,771,913	– 380,393	– 348,302
Energy, Mines and Resources—						
Regional electrical interconnections .....	105,049,319	1,693,971		103,355,348	– 1,693,971	– 25,746,497
Finance—						
Federal-provincial employment loans pro- gram .....	3,406,126	474,292		2,931,834	– 474,292	– 443,962
Municipal Development and Loan Board ....	3,025,150	402,927		2,622,223	– 402,927	– 705,309
Special development loans program .....	3,384,651	479,039		2,905,612	– 479,039	– 449,759
Winter capital projects fund .....	2,266,980	134,223		2,132,757	– 134,223	– 123,983
	12,082,907	1,490,481		10,592,426	– 1,490,481	– 1,723,013
Indian Affairs and Northern Development— Western Diversification Office—						
Special areas and highways agreement ....	2,668,766	200,422		2,468,344	– 200,422	– 185,250
Total Manitoba .....	125,953,298	3,765,267		122,188,031	– 3,765,267	– 28,003,062

TABLE 7.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (—)	
	\$	\$	\$	\$	1988	1987
					\$	\$
<b>SASKATCHEWAN—</b>						
Agriculture—						
Agricultural service centres .....	5,613,642	298,137		5,315,505	— 298,137	— 271,918
Finance—						
Federal-provincial employment loans pro-						
gram .....	666,385	77,043		589,342	— 77,043	— 72,016
Federal-provincial fiscal arrangements .....	907,323	229,673		677,650	— 229,673	— 431,485
Municipal Development and Loan Board .....	1,573,708	306,716		1,266,992	— 306,716	— 23,416,501
Total Saskatchewan .....	7,187,350	604,853		6,582,497	— 604,853	— 23,688,419
<b>ALBERTA—</b>						
Agriculture—						
Agricultural service centres .....						— 310,232
Finance—						
Federal-provincial employment loans pro-						
gram .....	2,720,304	369,368		2,350,936	— 369,368	— 360,702
Municipal Development and Loan Board .....	3,514,063	484,368		3,029,695	— 484,368	— 855,458
Special development loans program .....	4,000,000			4,000,000		
Winter capital projects fund .....	3,603,969	349,312		3,254,657	— 349,312	— 332,159
	13,838,336	1,203,048		12,635,288	— 1,203,048	— 1,548,319
Indian Affairs and Northern Development—						
Western Diversification Office—						
Special areas and highways agreement .....	2,410,742	187,207		2,223,535	— 187,207	— 173,398
Total Alberta .....	16,249,078	1,390,255		14,858,823	— 1,390,255	— 2,031,949
<b>BRITISH COLUMBIA—</b>						
Finance—						
Federal-provincial employment loans pro-						
gram .....	8,452,474	991,086		7,461,388	— 991,086	— 918,198
Municipal Development and Loan Board .....	4,762,604	652,461		4,110,143	— 652,461	— 1,023,407
Special development loans program .....	12,493,486	2,421,101		10,072,385	— 2,421,101	— 2,294,412
Winter capital projects fund .....	12,770,355	1,021,133		11,749,222	— 1,021,133	— 937,288
Total British Columbia .....	38,478,919	5,085,781		33,393,138	— 5,085,781	— 5,173,305
<b>NORTHWEST TERRITORIES—</b>						
Finance—						
Federal-provincial employment loans pro-						
gram .....	16,103	1,862		14,241	— 1,862	— 3,458
Winter capital projects fund .....	230,934	16,378		214,556	— 16,378	— 31,630
	247,037	18,240		228,797	— 18,240	— 35,088
Indian Affairs and Northern Development—						
Government of the Northwest Territories .....	308,119	35,265		272,854	— 35,265	— 51,662
Total Northwest Territories .....	555,156	53,505		501,651	— 53,505	— 86,750
<b>YUKON TERRITORY—</b>						
Indian Affairs and Northern Development—						
Government of the Yukon Territory .....	7,057,916	643,909		6,414,007	— 643,909	— 701,157
Yukon Territory small business loans .....	335,988	22,620		313,368	— 22,620	— 17,599
Total Yukon Territory .....	7,393,904	666,529		6,727,375	— 666,529	— 718,756
Accounts without current transactions .....						— 2,406,803
Total .....	947,742,313	40,908,900	3,687,000	910,520,413	— 37,221,900	— 89,068,949

### Special areas and highways agreement

Loans have been made to finance development of community and industrial infrastructure projects for special areas, and for highway development, pursuant to terms and conditions of agreements between Canada and the provinces, with the approval of the Governor in Council.

The loans bear interest at rates from 5.768% to 10.164% per annum, and are repayable in equal annual instalments over 1 to 21 years, with final instalments between April 1, 1988 and March 31, 2009.

### Federal-provincial employment loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.5% to 7.41% per annum, and are repayable either in annual instalments over 10 to 20 years, or at maturity, with final repayments between April 1, 1988 and November 30, 1994.

### Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25% to 5.625% per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between April 1, 1988 and March 31, 2016.

### Special development loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.12% to 7.54% per annum, and are repayable either in annual or semi-annual instalments over 10 to 20 years, or at maturity, with final repayments between March 1, 1991 and March 30, 1993.

### Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2% to 9.84% per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between January 16, 1990 and February 28, 1999.

### Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board. Loans were made pursuant to terms and conditions of agreements between Canada and the provinces in the Atlantic region, with the approval of the Governor in Council.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 7.5% per annum, repayable over 11 years at various anniversary amortization dates, with the final instalment on July 31, 1999, \$761,353; and,

- (b) bearing interest at rates from 7.161% to 8.5% per annum, repayable over 18 years at various anniversary amortization dates, with final instalments between November 21, 1998 and April 1, 2006, \$4,597,101.

### Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generator in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5% to 8.5% per annum, and are repayable in equal annual instalments over 4 to 26 years, with final instalments between March 31, 1992 and March 31, 2014.

### Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

During the year, additional loans were authorized by Energy, Mines and Resources Vote L20, Appropriation Acts No 1 and No 3, 1987-88.

The loans bear interest at rates from 9% to 9.625% per annum, and are repayable in annual instalments over 29 to 31 years, with final instalments between March 31, 2008 and March 31, 2011.

### Mainland Investments Limited

Loans were made to the Province of Nova Scotia for the purchase of shares of Mainland Investments Limited, in accordance with an agreement between Canada and Nova Scotia, pursuant to Section 8 of the Special Areas Act.

During the year, the loans were repaid in full.

### Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 17 years in equal instalments due at various anniversary dates, bearing interest at rates from 6.688% to 9.375% per annum, with final instalments between March 25, 2000 and March 27, 2005, \$4,891,000; and,
- (b) repayable in equal annual instalments over 17 years, bearing interest at rates from 6.688% to 9.375% per annum, with final instalments between March 31, 2001 and March 31, 2005, \$6,137,705.

### Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the Constitution Acts



1867-1982, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

### Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 7.747% to 14.129% per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1992 and March 31, 2004.

### Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the following purposes:

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
Second mortgage ....	129,766	11,329		118,437
Low cost housing ....	178,353	23,936		154,417
	308,119	35,265		272,854

The loans bear interest at rates from 5.125% to 8.875% per annum, and are repayable in equal annual instalments over 20 to 25 years, with final instalments between April 1, 1988 and August 27, 1996.

### Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
Second mortgage ....	95,406	11,839		83,567
Low cost housing ....	368,118	41,390		326,728
Capital expenditures .....	847,531	63,986		783,545
Outside parties— Capital projects ..	5,746,861	526,694		5,220,167
	7,057,916	643,909		6,414,007

The loans bear interest at rates from 5.375% to 12.5% per annum, and are repayable in equal annual instalments over 10 to 35 years, with final instalments between April 1, 1988 and March 31, 2004.

### Yukon Territory small business loans

Loans have been made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5,000,000.

The loans bear interest at rates from 9% to 12% per annum, and were repayable in annual instalments over 10 years, with the final instalment on April 1, 1988.



## NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

Loans to national governments consist mainly of the loan to the Government of the United Kingdom under the United Kingdom Financial Agreement Act, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 7.13 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 7.13

### NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
China—Finance.....	49,426,118			49,426,118		
Jamaica— Finance— Special program—Economic assistance .....	25,000,000			25,000,000		
United Kingdom— Finance— The United Kingdom Financial Agreement Act, 1946 .....	456,545,657	28,579,342		427,966,315	- 28,579,342	- 28,018,963
Deferred principal .....	94,990,863			94,990,863		
	551,536,520	28,579,342		522,957,178	- 28,579,342	- 28,018,963
Developing countries— External Affairs—Canadian International Development Agency— International development assistance .....	3,198,800,129	36,812,987	1,440,606	3,163,427,748	- 35,372,381	- 58,741,202
Development of export trade (loans administered by the Export Development Corporation)—External Affairs.....	579,740,842	63,450,954	45,842,839	562,132,727	- 17,608,115	- 37,620,604
National Defence— North Atlantic Treaty Organization— Damage claims recoverable .....	70,031	80,815	140,098	129,314	59,283	30,293
Total .....	4,404,573,640	128,924,098	47,423,543	4,323,073,085	- 81,500,555	- 124,350,476

#### China

A loan to China was authorized under the Export Credits Insurance Act.

#### Jamaica—Economic assistance

A loan has been made to the Government of Jamaica, to provide economic assistance. The maturity date under the April 20, 1985 loan agreement was August 9, 1989. The applicable interest rate for payments due between August 9, 1985 and August 9, 1989 is 13.375% per annum.

The loan agreement has been amended by the following Rescheduling Agreements dated:

- August 9, 1984, which provided for the deferment of one half of the interest payment due on August 9, 1984;
- October 18, 1985, which provided for the deferment of the principal repayment and one half of the interest payment due on August 9, 1985; and,
- June 4, 1987, which provided for the deferment of principal repayments and 85% of the interest payments that were due on August 9, 1986 and August 9, 1987.

Interest rates on the above Rescheduling Agreements vary between 9.385% and 13.5% per annum, and repayments of the deferred amounts are scheduled between 1989 and 1997.

#### United Kingdom

##### *The United Kingdom Financial Agreement Act, 1946*

Under authority of the United Kingdom Financial Agreement Act, a credit of \$1,250,000,000 was extended to the Government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2% per annum, with the final instalment on December 31, 2000.

##### *Deferred principal*

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven

instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

### Developing countries—International development assistance

Loan assistance has been made to developing countries for international development assistance. Commencing April 1, 1986, loans under negotiated loan agreements in existence at March 31, 1986 were made under various budgetary authorities (including External Affairs Vote 30, Appropriation Acts No 1 and No 3, 1987-88). Previous to this date, all loans to developing countries were paid under non-budgetary authority.

During the year, the forgiveness of Certain Official Development Assistance Debts Act authorized the forgiveness of

official development assistance debts owing by the Government of Togo, the Government of the Islamic Republic of Mauritania and the governments of the United Republic of Tanzania, of the Republic of Uganda and of Kenya as former members of the East African Community. This Act has not yet been proclaimed into force.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The closing balance of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments to all countries are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 7.13 as international development assistance to developing countries.

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
(a) 17 year term, 7 year grace period, non-interest bearing, with the final repayment in September 2002:				
Senegal <sup>(1)</sup> .....	999,070			999,070
(b) 20 year term, 5 year grace period, 5% interest per annum, with final repayments between September 2000 and March 2001:				
Jamaica .....	4,499,073			4,499,073
Turkey .....	27,170,994	2,063,913		25,107,081
	31,670,067	2,063,913		29,606,154
(c) 25 year term, 5 year grace period, 6% interest per annum, with the final repayment in March 1995:				
Nigeria <sup>(1)</sup> .....	623,789			623,789
(d) 30 year term, 7 year grace period, 3% interest per annum, with final repayments between September 1996 and January 2012:				
Barbados .....	17,636,282	341,304	36,985	17,331,963
Brazil .....	12,567,964	570,296		11,997,668
Chile .....	2,103,003	182,869		1,920,134
Colombia .....	18,040,598	641,305		17,399,293
Cuba .....	9,547,012			9,547,012
Dominican Republic .....	2,200,001			2,200,001
Egypt .....	47,826,088			47,826,088
Jamaica .....	32,995,112	329,592		32,665,520
Korea .....	434,453	43,445		391,008
Malaysia .....	10,935,698	639,816		10,295,882
Nigeria <sup>(1)</sup> .....	621,679			621,679
Peru .....	337,617			337,617
Salvador, El .....	9,260,527			9,260,527
Trinidad .....	5,652,233	367,993	478	5,284,718
Turkey .....	7,983,886			7,983,886
	178,142,153	3,116,620	37,463	175,062,996
(e) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005:				
Salvador, El .....	2,788,807	171,939		2,616,868
(f) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007:				
Thailand .....	661,654	33,334		628,320
(g) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria .....	15,639,004	243,644		15,395,360
Antigua .....	5,624,797	149,910		5,474,887
Argentina .....	569,333	18,666		550,667
Barbados .....	8,071,529	30,750		8,040,779
Belize .....	11,541,860	178,413		11,363,447
Bolivia .....	1,483,827	42,395		1,441,432

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
Brazil .....	679,699	20,914		658,785
Burma .....	8,306,202			8,306,202
Cameroun .....	143,669,614	32,016		143,637,598
Chile .....	3,058,541	98,061		2,960,480
Colombia .....	19,156,201	502,134		18,654,067
Congo-Brazzaville <sup>(1)</sup> .....	22,598,238			22,598,238
Costa Rica .....	23,118,847			23,118,847
Dominica .....	1,790,794	47,236		1,743,558
Dominican Republic .....	8,621,372	185,222		8,436,150
East African Community <sup>(1)(2)</sup> .....	47,402,298			47,402,298
Ecuador .....	10,598,508	304,929		10,293,579
Egypt .....	57,599,945			57,599,945
Gabon .....	7,614,186			7,614,186
Ghana <sup>(1)</sup> .....	77,579,081			77,579,081
Grenada .....	796,875	21,250		775,625
Guatemala .....	3,993,863	56,240		3,937,623
Guyana .....	37,197,444		7,584	37,205,028
Honduras .....	33,015,261			33,015,261
India .....	710,480,275	11,836,408		698,643,867
Indonesia .....	278,526,519	3,253,772	366,359	275,639,106
Ivory Coast <sup>(1)</sup> .....	79,959,686			79,959,686
Jamaica .....	56,213,535			56,213,535
Kenya <sup>(1)</sup> .....	109,083,953	294,352	5,290	108,794,891
Madagascar <sup>(1)</sup> .....	22,958,010			22,958,010
Malaysia .....	2,433,191	4,954		2,428,237
Malta .....	924,990	25,000		899,990
Mauritania <sup>(1)</sup> .....	4,147,276	52,500		4,094,776
Mexico .....	84,526	2,771		81,755
Montserrat .....	675,190	17,250		657,940
Morocco .....	14,709,525		11,142	14,720,667
Nicaragua .....	18,357,040			18,357,040
Nigeria <sup>(1)</sup> .....	41,124,218			41,124,218
Pakistan .....	605,903,625	9,624,120		596,279,505
Paraguay .....	599,884	19,996		579,888
Peru .....	22,719,700	66,289	5,182	22,658,593
Philippines .....	3,837,799	10		3,837,789
Salvador, El .....	1,200,000			1,200,000
St Lucia .....	501,244	11,578		489,666
St Vincent .....	1,053,563	14,313		1,039,250
Senegal <sup>(1)</sup> .....	14,093,784			14,093,784
Sri Lanka .....	167,134,905	799,145		166,335,760
Swaziland <sup>(1)</sup> .....	1,369,960			1,369,960
Thailand .....	33,747,453			33,747,453
Togo <sup>(1)</sup> .....	16,571,216			16,571,216
Trinidad .....	3,261,656	57,118		3,204,538
Tunisia .....	119,924,055	1,532,057	158,998	118,550,996
Various francophone countries <sup>(3)</sup> .....	1,677,258			1,677,258
Zaire <sup>(1)</sup> .....	31,224,076		74,321	31,298,397
Zambia <sup>(1)</sup> .....	86,188,391		148	86,188,539
Zimbabwe <sup>(1)</sup> .....	30,813,364			30,813,364
	3,031,227,186	29,543,413	629,024	3,002,312,797
(h) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria .....	44,240,824	625,000	592,281	44,208,105
(i) 55 year term, 15 year grace period, non-interest bearing, with the final repayment in September 2036:				
Egypt .....	9,243,531			9,243,531
Less: payments made under budgetary authority .....	3,299,597,081	35,554,219	1,258,768	3,265,301,630
	100,796,952	1,258,768	181,838	101,873,882
	3,198,800,129	36,812,987	1,440,606	3,163,427,748

Note: grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

<sup>(1)</sup> Sub-Saharan countries became eligible to benefit from Canada's 5 year official development assistance debt moratorium announced in 1986.

<sup>(2)</sup> Joint project involving Kenya, Tanzania and Uganda.

<sup>(3)</sup> Joint project involving Mali and Senegal.

Similar assistance has been provided to developing countries by way of subscriptions to the capital of the International Development Association and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

### Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out

of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Commencing April 1, 1987, certain loans for the development of export trade are now made under budgetary authority.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The closing balance of loans to national governments includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 7.13.

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
(a) 5 year term, 9.5% interest per annum, with the final repayment in May 1992:				
Ghana .....	5,335,939	793,299		4,542,640
(b) 6 to 10 year term, 8.25% to 10.25% interest per annum, with final repayments between May 1988 and March 1993:				
Ethiopia .....	18,149,538	5,708,907	3,529,250	15,969,881
Ghana .....	3,279,116	177,331		3,101,785
Jamaica .....	1,679,930	1,679,930		
Tanzania .....	34,238,989	621,312		33,617,677
	57,347,573	8,187,480	3,529,250	52,689,343
(c) 11 to 15 year term, 8% to 10.5% interest per annum, with final repayments between July 1989 and December 1993:				
Kenya .....	195,414	10,568		184,846
Korea .....	173,419,712	16,666,667		156,753,045
Poland .....	74,560,230	4,108,498	1,524,903	71,976,635
Thailand .....	2,896,889	2,896,889		
Turkey .....	49,540,372	4,757,058	1,856,820	46,640,134
	300,612,617	28,439,680	3,381,723	275,554,660
(d) 16 to 20 year term, 5.75% to 11% interest per annum, with final repayments between April 1988 and September 1995:				
Brazil .....	8,795,890	2,845,568		5,950,322
Jamaica .....	4,731,661	518,190	10,190,244	14,403,715
Madagascar .....	20,765,493	1,138,849	316,991	19,943,635
Pakistan .....	454,745	294,745		160,000
Zambia .....	8,488,381		192,896	8,681,277
	43,236,170	4,797,352	10,700,131	49,138,949
(e) 21 to 25 year term, 0% to 9% interest per annum, with final repayments between July 1995 and June 2017:				
Argentina .....	122,612,014	332,854	7,170,840	129,450,000
Sudan .....	8,485,750	458,900		8,026,850
Thailand .....		168,608	14,981,380	14,812,772
	131,097,764	960,362	22,152,220	152,289,622
(f) 26 to 30 year term, 3% to 5% interest per annum, with final repayments between September 2005 and June 2017:				
Congo .....	3,742,086	202,368		3,539,718
Mexico .....	38,368,693	2,074,937		36,293,756
Algeria .....			1,053,007	1,053,007
	42,110,779	2,277,305	1,053,007	40,886,481
(g) 45 to 50 year term, non-interest bearing, with final repayments between December 2035 and June 2037:				
Cameroun .....		26,138	3,105,882	3,079,744
China .....		13,640	517,200	503,560
Pakistan .....		9,594	1,403,426	1,393,832
		49,372	5,026,508	4,977,136
	579,740,842	45,504,850	45,842,839	580,078,831
Less: payments made under budgetary authority .....		17,946,104		17,946,104
	579,740,842	63,450,954	45,842,839	562,132,727



During the year, receipts and other credits included loan repayments of \$36,133,617, a valuation adjustment of \$9,371,233 in respect of loans totalling \$192,706,755 US and \$1,990,695 ECU (European Currency Unit), while payments and other charges included loans and guarantees of \$45,842,839. Interest of \$51 million was received and credited to non-tax revenue.

### North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

## INTERNATIONAL ORGANIZATIONS

This group records Canada's subscriptions to the capital of the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development (i.e. World Bank), the International Development Association and the International Finance Corporation. It also includes loans and advances to other international organizations.

TABLE 7.14

### INTERNATIONAL ORGANIZATIONS

	Receipts and other credits		Payments and other charges		Net increase or decrease (—)	
	April 1/1987		March 31/1988		1988	1987
	\$	\$	\$	\$	\$	\$
Canada's subscriptions to the capital of the—						
African Development Bank .....	58,550,439	121,094	6,377,924	64,807,269	6,256,830	11,710,088
Less: notes payable .....		6,377,924	6,287,737	90,187	90,187	
	58,550,439	6,499,018	12,665,661	64,717,082	6,166,643	11,710,088
Asian Development Bank .....	169,467,638	4,948,052	6,283,961	170,803,547	1,335,909	— 291,241
Less: notes payable .....	19,458,294	3,770,376	4,376,789	18,851,881	— 606,413	— 606,413
	150,009,344	8,718,428	10,660,750	151,951,666	1,942,322	315,172
Caribbean Development Bank .....	12,480,985	674,958	1,192,625	12,998,652	517,667	— 863,296
Less: notes payable .....	1,421,319	1,192,625	710,524	1,903,420	482,101	
	11,059,666	1,867,583	1,903,149	11,095,232	35,566	— 863,296
Inter-American Development Bank .....	157,375,510	8,510,694		148,864,816	— 8,510,694	— 664,740
Less: notes payable .....	43,970,465		13,844,518	30,125,947	— 13,844,518	— 1,710,972
	113,405,045	8,510,694	13,844,518	118,738,869	5,333,824	1,046,232
International Bank for Reconstruction and Development (World Bank) .....	274,782,575	1,611,450	17,906,509	291,077,634	16,295,059	8,626,275
Less: notes payable .....	25,818,148	16,115,858	25,818,148	16,115,858	— 9,702,290	9,618,148
	248,964,427	17,727,308	43,724,657	274,961,776	25,997,349	— 991,873
International Development Association .....	2,497,488,061		324,800,000	2,822,288,061 <sup>(1)</sup>	324,800,000	266,300,000
Less: notes payable .....	869,916,700	324,800,000	244,650,000	950,066,700	80,150,000	125,639,000
	1,627,571,361	324,800,000	569,450,000	1,872,221,361	244,650,000	140,661,000
International Finance Corporation .....	34,931,263	2,801,961	12,428,360	44,557,662	9,626,399	5,686,462
	2,244,491,545	370,924,992	664,677,095	2,538,243,648	293,752,103	157,563,785
International financial institutions .....	1,617,061,483	20,756,228	83,491,948	1,679,797,203 <sup>(1)</sup>	62,735,720	256,243,821
Less: notes payable .....	876,364,328	80,979,765	101,150,049	856,194,044	— 20,170,284	161,052,611
	740,697,155	101,735,993	184,641,997	823,603,159	82,906,004	95,191,210
International Tin Council .....	4,500,000			4,500,000		
International Natural Rubber Agreement .....	8,756,808	22,948	484,557	9,218,417	461,609	493,878

Capital subscriptions are made in part by the issuance of non-interest bearing, non-negotiable demand notes. The amounts advanced or loaned vary according to the needs of the organizations concerned, and the terms of the agreements.

The net position of the Government vis-à-vis the international organizations has been obtained by deducting from subscriptions, loans and advances, the non-interest bearing notes issued by Canada to these organizations. These notes, payable on demand, represent that portion of the investment by Canada in these organizations which has not yet been encashed by them. These notes are encashed subject to the financial requirements of these organizations.

Commencing April 1, 1986, note encashments, and cash subscriptions/loans to international financial institutions are now made under budgetary authority. However, subscriptions/loans made by the issuance of non-interest bearing notes continue to be under non-budgetary authority.

Table 7.14 presents a summary of the balances and transactions for the subscriptions, loans and advances to international organizations. The closing balance of loans/subscriptions to international financial institutions includes, where applicable, total loans/subscriptions made under both budgetary and non-budgetary authorities. The total budgetary payments to all international financial institutions are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the total amount reported in Table 7.1 as International organizations (net). In addition, Table 7.15 presents additional disclosure of information related to subscriptions to the capital of international development institutions.

TABLE 7.14

INTERNATIONAL ORGANIZATIONS—*Concluded*

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
International organizations and associations—						
Berne Union of the World Intellectual Property Organization .....	15,676			15,676		
Customs Co-operation Council .....	6,309			6,309		
Food and Agriculture Organization .....	613,422			613,422		
General Agreement on Tariffs and Trade .....	14,508			14,508		
Intergovernmental Maritime Consultative Organization .....	1,617			1,617		
International Atomic Energy Agency .....	65,656			65,656		
International Civil Aviation Organization .....	71,419			71,419		
International Labour Organization .....	68,666			68,666		
Paris Union of the World Intellectual Property Organization .....	58,927			58,927		12,545
United Nations Educational, Scientific and Cultural Organization .....	683,459			683,459		52,744
United Nations Industrial Development Organization .....	249,888		113,088	362,976	113,088	249,888
United Nations organizations .....	3,546,774			3,546,774		
World Health Organization .....	163,357			163,357		- 13,866
	5,559,678		113,088	5,672,766	113,088	301,311
Account without current transactions .....						- 444,199
Total .....	3,004,005,186	472,683,933	849,916,737	3,381,237,990	377,232,804	253,105,985
Less: payments made under budgetary authority .....	298,707,189	392,146,582	121,093	690,732,678	392,025,489	298,707,189
	2,705,297,997	864,830,515	850,037,830	2,690,505,312	- 14,792,685	- 45,601,204
Summary—						
International organizations .....	4,840,954,440	39,447,385	453,078,972	5,254,586,027	413,631,587	547,098,359
Less: payments made under budgetary authority .....	298,707,189	392,146,582	121,093	690,732,678	392,025,489	298,707,189
	4,542,247,251	431,593,967	453,200,065	4,563,853,349	21,606,098	248,391,170
Less: notes payable .....	1,836,949,254	433,236,548	396,837,765	1,873,348,037	36,398,783	293,992,374
Total .....	2,705,297,997	864,830,515	850,037,830	2,690,505,312	- 14,792,685	- 45,601,204

<sup>(1)</sup> The subscriptions to the Association and the loans to the international financial institutions are used to lend funds to developing countries at rates favourable to the borrowers. In addition, as described earlier in this section, under the heading "National governments including developing countries", international development assistance has also been provided to developing countries.

TABLE 7.15

## SUBSCRIPTIONS TO THE CAPITAL OF INTERNATIONAL DEVELOPMENT INSTITUTIONS

	Share subscriptions		Paid-in shares purchased			Estimated value of callable and outstanding paid-in shares <sup>(2)</sup>	Parliamentary authority available for use in subsequent years	
	Paid-in	Callable	Number of shares	Cost			Number of shares	Estimated value
				Foreign currencies	Canadian currency <sup>(1)</sup>			
					\$	\$		\$
African Development Bank .....	4,200	12,600	4,200		58,550,439 <sup>(3)</sup>	175,651,308 <sup>(4)</sup>	12,600	181,449,560 <sup>(5)</sup>
	2,100	31,500	420	\$5,066,670US	6,256,830	494,289,632	33,180	494,289,632 <sup>(5)</sup>
Asian Development Bank .....	8,740	36,403	8,740	\$105,434,978US	130,201,655	542,303,360	36,403	542,303,360 <sup>(5)</sup>
	2,370	45,030	2,370	23,700,000SDR	40,601,892	771,435,948		
Caribbean Development Bank .....	1,585	5,355	1,585	\$9,560,310US	11,806,027 <sup>(6)</sup>	39,887,296	5,355	39,887,296 <sup>(5)</sup>
Inter-American Development Bank .....	9,982	115,220	9,982	\$120,548,074US	148,864,817	1,716,447,285	63,692	948,833,491 <sup>(5)</sup>
International Bank for Reconstruction and Development (World Bank).....	(7)	(7)	(7)	(7)	325,766,620	3,419,438,100 <sup>(8)</sup>	(7)	2,965,425,888 <sup>(9)</sup>
International Development Association .....	(10)	(10)	(10)	(10)	2,822,288,061			(9)
International Finance Corporation .....	36,082	9,894 <sup>(11)</sup>	36,082 <sup>(10)</sup>	\$36,082,000US	44,557,662	12,218,101 <sup>(11)</sup>		

<sup>(1)</sup> Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1988 (\$1US = \$1.2349 Cdn; 1 SDR = \$1.71316 Cdn).

<sup>(2)</sup> Commitments to the institutions will require future "Maintenance of value" payments.

According to the Articles of Agreement of the World Bank, countries are obliged to maintain the value of certain portions of their paid-in capital subscriptions and contributions. The World Bank has not had a workable standard of value since 1978 when the formal link between the US dollar and gold was broken. The World Bank agreed not to seek payment of these obligations pending the establishment of a new standard of value for the Bank. Maintenance of value obligations do not exist for International Development Association contributions. In October 1986, the Executive Board agreed upon the "1974 SDR" as a successor standard of value. The 1974 SDR is a fixed US dollar equivalent of the value of the SDR prevailing in 1974 (\$1.20635US = 1 SDR). Maintenance of value payments will be resumed on July 1, 1987. It is expected that other institutions will follow this lead.

<sup>(3)</sup> Canadian currency equivalent of 42,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

<sup>(4)</sup> Canadian currency equivalent of 126,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

<sup>(5)</sup> These amounts are reflected as non-lapsing non-budgetary authorities in the External Affairs ministerial section of Volume II, Part I (Section 9).

<sup>(6)</sup> This amount excludes a maintenance of value payment of \$1,192,625.

<sup>(7)</sup> Canada's subscription is for 23,164 shares. Payments are accounted for as a proportion of each share.

<sup>(8)</sup> Valued at \$2,769,000,000 US translated at \$1 US = \$1.2349 Cdn. This represents approximately 91% of the total subscription.

<sup>(9)</sup> Subscription and payment authorities are annual budgetary voted items presented in the Finance ministerial section of Volume II, Part I (Section 10).

<sup>(10)</sup> There are no outstanding subscriptions other than the notes payable in Table 7.14. Accounting is based on dollar values rather than number of shares.

<sup>(11)</sup> This represents a commitment by Canada to the capital of the Corporation to be paid by 1990, rather than a "callable" amount.

### African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, the International Development (Financial Institutions) Continuing Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 3, 1987-88).

During the year, payments and other charges included additional subscriptions in non-interest bearing demand notes.

### Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the International Development (Financial Institutions) Continuing Assistance Act, and various appropriations acts (including External Affairs Votes 30 and L40, Appropriation Acts No 1 and No 3, 1987-88).

During the year, payments and other charges included additional subscriptions in cash and in non-interest bearing demand notes, and a valuation adjustment.

### Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the

International Development (Financial Institutions) Continuing Assistance Act, and various appropriation acts. (including External Affairs Vote L40, Appropriation Acts No 1 and No 3, 1987-88).

During the year, payments and other charges included additional subscriptions in non-interest bearing demand notes.

### Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the International Development (Financial Institutions) Continuing Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 3, 1987-88).

During the year, there were no additional subscriptions made.

### International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (IBRD), as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L11e, Appropriation Act No 6, 1987-88).

During the year, payments and other charges included additional subscriptions in cash and in non-interest bearing demand notes, and a valuation adjustment.

### International Development Association

This account records Canada's subscriptions to the capital of the International Development Association, as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L10, Appropriation Acts No 1 and No 3, 1987-88). The subscriptions to the Association, which is part of the World Bank Groups, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace).

During the year, payments and other charges included additional subscriptions in the form of non-interest bearing, non-negotiable demand notes.

### International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Groups, as authorized by various appropriation acts (including Finance Vote 5, Appropriation Acts No 1 and No 3, 1987-88).

During the year, payments and other charges included additional subscriptions in cash.

### International financial institutions

This account records loans for assistance to international financial institutions, as authorized by the International Development (Financial Institutions) Assistance Act, the International Development (Financial Institutions) Continuing Assistance Act, and various appropriation acts (including External Affairs Vote L35, Appropriation Acts No 1 and No 3, 1987-88).

The balances and transactions for loans to various international financial institutions are as follows:

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
African Development Bank .....	4,218,896	125,000		4,093,896
African Development Fund .....	459,599,171	5,294,996		454,304,175
Less: notes payable .....	274,685,987		34,700,000	239,985,987
	184,913,184	5,294,996	34,700,000	214,318,188
Andean Development Corporation .....	4,562,540	62,500		4,500,040
Asian Development Bank—Special .....	27,027,000			27,027,000
Asian Development Fund .....	672,046,350		66,830,313	738,876,663
Less: notes payable .....	476,431,630	66,830,313	39,404,606	503,857,337
	195,614,720	66,830,313	106,234,919	235,019,326
Caribbean Development Bank— Agricultural Development Fund .....	8,600,000			8,600,000
Caribbean Development Bank— Commonwealth Caribbean Regional .....	5,222,000	282,400		4,939,600
Caribbean Development Bank—Special .....	59,086,850	886,030		58,200,820
Less: notes payable .....	25,543,004		5,351,416	20,191,588
	33,543,846	886,030	5,351,416	38,009,232
Central American Bank for Economic Integration .....	2,307,779	51,000		2,256,779
Inter-American Development Bank—Fund for Special Operations .....	284,885,577	11,867,860	2,512,183	275,529,900
Less: notes payable .....	67,428,980		14,659,027	52,769,953
	217,456,597	11,867,860	17,171,210	222,759,947
International Bank for Reconstruction and Development .....	26,110,000	1,412,000		24,698,000
International Fund for Agriculture Development .....	49,074,727		14,149,452	63,224,179
Less: notes payable .....	32,274,727	14,149,452	7,035,000	39,389,179
	16,800,000	14,149,452	21,184,452	23,835,000
International Monetary Fund .....	14,320,593	774,442		13,546,151
	740,697,155	101,735,993	184,641,997	823,603,159

### International Tin Council

This account records Canada's subscriptions to the International Tin Council, as authorized by previous appropriation acts. The subscriptions are for the investment in the buffer stock previously established and carried forward under the Sixth International Tin Agreement.

### International Natural Rubber Agreement

This account records Canada's contributions to the financing of the natural rubber buffer stock, as authorized by previous appropriation acts. Pursuant to the International Natural Rubber Agreement, 1979, Canada is committed to participate in the funding of the rubber buffer stock up to \$12,500,000.

During the year, Canada made a payment of 915,813 Malaysian Ringgits valued at \$484,557 Cdn to this organization. In addition, Canada received a refund of 46,355 Malaysian Ringgits valued at \$22,948 Cdn.



### International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

During the year, an additional advance to the working capital fund of the United Nations Industrial Development Organization was authorized by External Affairs Vote L17e, Appropriation Act No 6, 1987-88.

During the year, Canada made a payment of \$91,200 US valued at \$113,088 Cdn to the United Nations Industrial Development Organization.

### VETERANS' LAND ACT FUND ADVANCES

Advances have been made, under Parts I and III of the Veterans' Land Act, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security and, under Part II of the Act, for the purchase, subdivision and development of land, and for progress payments to veterans during construction and completion of unfinished houses, after termination of construction contracts, etc. On completion of the construction contract for each house, Canada Mortgage and Housing Corporation will place or arrange to have placed, a mortgage on the property and will reimburse the Fund the full cost of that property. The total amount authorized to be outstanding at any time is \$605,000,000.

A provision equal to  $\frac{1}{10}$  of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. The allowance for conditional benefits account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the Veterans' Land Act. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Table 7.16 summarizes the balances and transactions for advances to the Veterans' Land Act Fund.

TABLE 7.16

#### VETERANS' LAND ACT FUND

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
Veterans' Land Act Fund—						
Advances.....	135,206,990	31,517,900	8,056,709	111,745,799	- 23,461,191	- 26,814,345
Less: allowance for conditional benefits .....	616,967		135,506	481,461	- 135,506	- 376,503
Total .....	134,590,023	31,517,900	8,192,215	111,264,338	- 23,325,685	- 26,437,842

## JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in Volume III of the Public Accounts.

Under the terms of Section 118 of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in a number

of corporations in lieu of a cash levy payable to the Crown. The Government's purpose in sharing ownership in these corporations with other entities is not to further common operating objectives.

Table 7.17 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 7.17

### JOINT AND MIXED ENTERPRISES

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
Canada Development Corporation—Treasury Board .....	93,168,914	93,168,914			- 93,168,914	- 228,831,086
Canarcctic Shipping Company Limited—Transport .....						
Cooperative Energy Corporation—Energy, Mines and Resources .....	57,804,000			57,804,000		
Lower Churchill Development Corporation Limited—Energy, Mines and Resources .....	14,750,000			14,750,000		
Mohawk St Régis Lacrosse Ltd—Indian Affairs and Northern Development .....						
National Sea Products Ltd—Treasury Board (Privatization and Regulatory Affairs) .....			59,540,000	59,540,000	59,540,000	
Newfoundland and Labrador Development Corporation Limited—Atlantic Canada Opportunities Agency—						
Capital stock .....	200			200		
Loans .....	24,500,000	3,500,000		21,000,000	- 3,500,000	- 500,000
	24,500,200	3,500,000		21,000,200	- 3,500,000	- 500,000
North Portage Development Corporation—Regional Industrial Expansion .....						
NPM Nuclear Project Managers Canada Inc—Energy, Mines and Resources .....						
N.S. Holdco Limited—Treasury Board .....	59,540,000	59,540,000			- 59,540,000	15,240,000
123459 Canada Limited—Treasury Board .....	167,570,000	167,570,000			- 167,570,000	
Pêcheries Canada Inc <sup>(1)</sup> —Regional Industrial Expansion .....	31,499,900	31,499,900			- 31,499,900	
Société Inter-Port de Québec—Regional Industrial Expansion .....	400			400		
Telesat Canada—Communications .....	30,000,000			30,000,000		
Account without current transactions .....						- 3,000,000
Total .....	478,833,414	355,278,814	59,540,000	183,094,600	- 295,738,814	- 217,091,086

<sup>(1)</sup> This account was previously reported in Table 7.3.

### Canada Development Corporation

The Corporation was incorporated under the Canada Development Corporation Act, to develop and maintain strong Canadian controlled and managed corporations in the private sector; to widen the investment opportunities open to Canadians; to operate profitably and in the best interest of all the shareholders.

The Canada Development Corporation Reorganization Act authorized the sale of the common shares of the Corporation held by the Government.

During the year, the Government sold the remaining 8,886,344 common shares.

### Canarcctic Shipping Company Limited

The Corporation was incorporated under the Canada Corporations Act, and continued under the Canada Business Corporations Act, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarcctic Shipping Company Limited having a total value of \$305,996, and representing 51% of the common shares outstanding, were purchased and charged to budgetary expenditure (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

### Cooperative Energy Corporation

The Corporation was incorporated under the Cooperative Energy Act, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Minister of Energy, Mines and Resources may subscribe for, acquire and hold shares and equity debentures of the Corporation for the Government of Canada.

The Government's investment in the capital of the Corporation, as authorized by the Cooperative Energy Act, is recorded in this account.

As of March 31, 1987, the Government's investment was made up of:

	\$
Equity debentures <sup>(1)</sup> .....	3,075,900
57,804 class B shares .....	5,780,400
489,477 class D shares .....	48,947,700
	<hr/> 57,804,000 <hr/>

<sup>(1)</sup> The equity debentures pay 6% interest per year, payable every December 31. As of March 31, 1987, the Government received 823,665 class C shares at \$1 each in lieu of cash for the interest due. These class C shares are not recorded in the accounts of Canada.

During the year, the class D shares and equity debentures were converted to class B shares. The class C shares were cancelled and their related equity converted to contributed surplus. At March 31, 1988, the Government's investment is made up of 578,040 class B shares with a value of \$57,804,000.

The Government's holding of shares represents 25% ownership of the Corporation.

### Lower Churchill Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49% of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49% of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

### Mohawk St Régis Lacrosse Ltd

The Corporation was incorporated under the Business Corporations Act of Ontario, to acquire assets of an insolvent lacrosse stick manufacturing company located on St Régis Reserve, Cornwall Island.

The Government's holding in the Corporation consists of 1,000 common shares, which represent 10% of the authorized capital.

The Corporation is presently inactive, and is in the process of being wound-up.

### National Sea Products Ltd

The Corporation was incorporated under the Nova Scotia Companies Act, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Pursuant to the Atlantic Fisheries Restructuring Act, the Government has acquired shares in the Corporation. The Government's holding consists of 1,552,976 no par value common shares and 1,552,976 no par value non-voting equity shares. This represents 19.6% of the shares outstanding.

### Newfoundland and Labrador Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to assist small and medium-sized businesses in Newfoundland and Labrador through loan and equity financing, management advisory services, and other related services.

#### Capital stock

The Government has purchased 200 ordinary \$1 par value common shares of Newfoundland and Labrador Development Corporation Limited, in accordance with an agreement between Canada and Newfoundland pursuant to Section 8(3)(c) of the Special Areas Act. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Newfoundland and Labrador.

#### Loans

Loans have been made to provide financing and other services to small and medium-sized businesses in Newfoundland.

The loans bear interest at rates from 8.375% to 18.375% per annum, and are repayable at the end of 4 years, with final repayments between October 22, 1988 and March 30, 1992.

### North Portage Development Corporation

The Corporation was incorporated under the Manitoba Corporations Act, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3% of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

### **NPM Nuclear Project Managers Canada Inc**

The Corporation was incorporated under the Canada Business Corporations Act, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares.

The Government's holding of shares represents 13.34% of the shares outstanding. The balance of the outstanding shares is owned by four private sector corporations.

### **N.S. Holdco Limited**

The Corporation was incorporated under the Canada Business Corporations Act, and continued under the Nova Scotia Companies Act, for the purpose of restructuring the Nova Scotia fishery.

The Atlantic Fisheries Restructuring Act authorized the investment and the provision of financial assistance for the restructure of fishery enterprises to help Atlantic fisheries become more viable, competitive and privately-owned.

During the year, additional purchases were authorized by Regional Industrial Expansion Vote L30, Appropriation Acts No 1 and No 3, 1987-88.

In 1987-88, the Government disposed of its shares in N.S. Holdco Limited in exchange for 3,105,952 shares in National Sea Products Ltd.

### **125459 Canada Limited**

The Corporation was incorporated under the Canada Business Corporations Act, for the purpose of restructuring the Newfoundland fishery.

The Atlantic Fisheries Restructuring Act authorized the investment and the provision of financial assistance for the restructure of fishery enterprises to help Atlantic fisheries become more viable, competitive and privately-owned.

During the year, the Government disposed of its shares in 125459 Canada Limited.

### **Pêcheries Canada Inc**

The Corporation was incorporated pursuant to the Canada Business Corporations Act. It was the Quebec-based holding company for the federal equity investment in Pêcheries Cartier Inc of Montreal.

The Corporation was sold in April 1986 to Cooperative agro-alimentaire Purdel, a Quebec agricultural co-op, for \$5 million. The sale was authorized by the Atlantic Fisheries Restructuring Act.

The Government's investment in the capital of the Corporation was recorded in this account.

During the year, the investment totalling \$31,499,900, was forgiven pursuant to Regional Industrial Expansion Vote 11e, Appropriation Act No 6, 1987-88.

### **Société Inter-Port de Québec**

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

### **Telesat Canada**

The Corporation was incorporated by the Telesat Canada Act, to establish multi-purpose satellite telecommunication systems.

The Government has purchased 3,000,000 common shares of the Corporation at \$10 per share, for \$30,000,000. This investment represents 49.99% of the common shares outstanding.

## **MISCELLANEOUS**

This group records loans, investments and advances not classified elsewhere.

Table 7.18 presents a summary of the balances and transactions for the various types of miscellaneous loans, investments and advances.



TABLE 7.18

## MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (-)	
	\$	\$	\$	\$	1988	1987
<b>Loans and accountable advances—</b>						
External Affairs—						
Missions abroad .....	10,797,466	529,585,048	527,108,419	8,320,837	- 2,476,629	- 1,712,323
Personnel posted abroad .....	8,839,068	8,935,584	9,951,021	9,854,505	1,015,437	- 536,492
	19,636,534	538,520,632	537,059,440	18,175,342	- 1,461,192	- 2,248,815
National Defence—						
Imprest accounts, standing advances and authorized loans .....	27,462,066	422,753,129	424,188,597	28,897,534	1,435,468	- 6,825,136
Regional Industrial Expansion—						
Personnel posted in Canada .....	1,563			1,563		
Supply and Services—						
Miscellaneous accountable advances .....	5,052,368	10,353,161	11,990,780	6,689,987	1,637,619	287,243
Treasury Board—						
Miscellaneous accountable imprest and standing advances .....	5,512,028	3,392,093	3,544,770	5,664,705	152,677	- 5,827,944
<b>Total loans and accountable advances .....</b>	<b>57,664,559</b>	<b>975,019,015</b>	<b>976,783,587</b>	<b>59,429,131</b>	<b>1,764,572</b>	<b>- 14,614,652</b>
<b>Other miscellaneous—</b>						
Agriculture—						
Construction of multi-purpose exhibition buildings .....	21,038,620	981,286		20,057,334	- 981,286	- 690,185
Atlantic Canada Opportunities Agency—						
Loans to assist industry in the Cape Breton area .....						
Communications—						
Cultural property .....	2,920	2,920	10,000	10,000	7,080	
Employment and Immigration—						
Assisted passage scheme .....	61,997,478	12,672,698	18,375,941	67,700,721	5,703,243	4,360,375
Energy, Mines and Resources—						
Hydro-Quebec Research Institute .....	12,088,305	661,075		11,427,230	- 661,075	- 615,698
NewGrade Energy Inc .....	23,710,043	23,710,043			- 23,710,043	20,400,000
	35,798,348	24,371,118		11,427,230	- 24,371,118	19,784,302
External Affairs—						
Development of export trade (loans admin- istered by the Export Development Cor- poration) .....	96,185,093	53,353,715	65,841,995	108,673,373	12,488,280	735,028
Finance—						
Canadian Commercial Bank .....	72,936,360			72,936,360		
Ottawa Civil Service Recreational Associa- tion .....	260,191	25,449		234,742	- 25,449	- 24,495
Saint John Harbour Bridge Authority .....	12,988,011		345,558	13,333,569	345,558	464,048
Town of Oromocto Development Corpora- tion .....	212,470	73,434		139,036	- 73,434	- 69,681
	86,397,032	98,883	345,558	86,643,707	246,675	369,872
Fisheries and Oceans—						
Canadian producers of frozen groundfish ...	416,716	74,599		342,117	- 74,599	- 213,256
Groundfish processors .....	192,889	8,466		184,423	- 8,466	
Haddock fishermen .....	1,358,426	382		1,358,044	- 382	- 1,144
	1,968,031	83,447		1,884,584	- 83,447	- 214,400
Indian Affairs and Northern Development—						
British Yukon Railway Company .....	4,500,000	4,500,000			- 4,500,000	
Chippewa Band of Kettlepoint .....	65,000			65,000		
Council for Yukon Indians .....	5,851,164		1,116,925	6,968,089	1,116,925	1,051,807
Eskimo loan fund .....	2,277,161	309,002	469,520	2,437,679	160,518	- 463,721
Indian economic development fund .....	37,992,882	4,902,591	7,568,635	40,658,926	2,666,044	- 10,927,414
Indian housing assistance fund .....	3,666,482	1,046,571	1,613	2,621,524	- 1,044,958	- 1,156,133
Inuvialuit Regional Corporation .....	30,000,000		30,000,000	60,000,000	30,000,000	30,000,000
Native claimants .....	100,530,123	50,000	14,716,850	115,196,973	14,666,850	9,202,122
Yukon Power Corporation .....	56,000,000	1,150,970		54,849,030	- 1,150,970	56,000,000
	240,882,812	11,959,134	53,873,543	282,797,221	41,914,409	83,706,661

TABLE 7.18

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
Labour—						
Provincial workers' compensation boards ....	4,970,000		538,000	5,508,000	538,000	375,000
National Defence—						
Canadian Forces housing projects .....	14,515,385	652,293		13,863,092	- 652,293	- 578,407
Public Works—						
Burgeo Leasing Limited .....	138,810	10,412		128,398	- 10,412	- 9,717
Eurocan Pulp and Paper Co Ltd .....	900,000	900,000			- 900,000	- 225,000
Sydney Steel Corporation .....	5,218,162			5,218,162		
	6,256,972	910,412		5,346,560	- 910,412	- 234,717
Regional Industrial Expansion—						
Canadair Limited .....	445,715	147,122		298,593	- 147,122	- 147,122
Canadian defence industry .....	6,165,961	2,952,484		3,213,477	- 2,952,484	- 4,717,505
Company stock option .....						
Industrial and regional development pro- gram .....	1,250,000			1,250,000		
Manufacturing, processing and service industries in Canada .....	1,396,500	306,141	110,000,000	111,090,359	109,693,859	- 13,497,964
	9,258,176	3,405,747	110,000,000	115,852,429	106,594,253	- 18,362,591
Solicitor General—						
Parolees .....	15,407	27,170	27,981	16,218	811	1,382
Supply and Services—						
Canadian Commercial Bank .....	15,189,000			15,189,000		
Defence production loan account .....	1,724,007		8,000,000	9,724,007	8,000,000	- 15,000,000
	16,913,007		8,000,000	24,913,007	8,000,000	- 15,000,000
Transport—						
Coast Ferries Limited .....	100,000	100,000			- 100,000	
Corporation of the City of Montreal .....	472,442	88,951		383,491	- 88,951	- 86,255
Hamilton Harbour Commissioners .....	757,740	132,740		625,000	- 132,740	- 208,688
Northwestern Transportation Company Lim- ited .....	7,000,000			7,000,000		
Port Alberni Harbour Commission .....	722,886	142,471		580,415	- 142,471	- 132,473
Thunder Bay Harbour Commission .....	211,296	79,926		131,370	- 79,926	- 74,299
	9,264,364	544,088		8,720,276	- 544,088	- 501,715
Veterans Affairs—						
Commonwealth War Graves Commission ..	73,710	3,894		69,816	- 3,894	12,006
Accounts without current transactions .....						- 19,316,065
Total other miscellaneous .....	605,537,355	109,066,805	257,013,018	753,483,568	147,946,213	54,446,546
Total .....	663,201,914	1,084,085,820	1,233,796,605	812,912,699	149,710,785	39,831,894

**Missions abroad**

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of External Affairs and other departments and agencies.

The total amount authorized to be outstanding at any time is \$30,000,000.

**Personnel posted abroad**

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies. The purposes of the account were extended to include loans and advances to locally-engaged staff abroad including their dependants, for medical expenses.

The total amount authorized to be outstanding at any time is \$14,500,000.

The closing balance consists of loans to employees, \$7,512,691; advances for medical expenses, \$1,206,305; security and other deposits under Foreign Service Directives, \$1,040,826; and, school debentures, \$94,683.

The loans and advances bear interest at rates from 8% to 13% per annum, and are repayable over 4 years, with final instalments between April 1, 1988 and June 30, 1991.

**Imprest accounts, standing advances and authorized loans**

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$60,000,000.

### Personnel posted in Canada

This account records imprest bank account advances made to regional offices.

The total amount authorized to be outstanding at any time is \$1,950,000.

### Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

### Miscellaneous accountable imprest and standing advances

This account is operated to provide standing travel advances, petty cash and imprest bank account advances, to departments and agencies.

The total amount authorized to be outstanding at any time is \$17,000,000.

### Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 28 to 30 years, bearing interest at rates from 7.432% to 9.684% per annum, with final instalments between May 31, 1995 and May 1, 2008, \$17,791,737;
- (b) repayable over 20 to 26 years, bearing interest at rates from 7.266% to 9.420% per annum, with final instalments between December 31, 1992 and February 15, 2005, \$2,024,054; and,
- (c) repayable over 10 to 15 years, bearing interest at rates from 7.613% to 8.766% per annum, with final instalments between May 1, 1988 and August 1, 1992, \$241,543.

### Loans to assist industry in the Cape Breton area

During the year, Atlantic Canada Opportunities Agency Vote L10e, Appropriation Act No 6, 1987-88 authorized loans for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

### Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the Cultural Property Export and Import Act, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

During the year, additional loans were authorized by Communications Vote L20, Appropriation Acts No 1 and No 3, 1987-88. The total loan authority is \$10,000 per year.

The loan bears interest at the rate of 8.995% per annum, and is repayable over 5 years, with the final instalment on March 23, 1993.

### Assisted passage scheme

Section 121 of the Immigration Act authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$90,000,000.

During the year, loans totalling \$278,764 were written-off by Employment and Immigration Vote 21e, Appropriation Act No 6, 1987-88.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6% to 15% per annum, with final instalments between April 1, 1988 and April 1, 1993, \$4,298,149; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1988 and April 1, 1993, \$63,402,572.

### Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187% to 7.937% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

### NewGrade Energy Inc

Loans were made to NewGrade Energy Inc for the study and construction of a heavy oil upgrader in the Province of Saskatchewan.

During the year, the loans were repaid in full.

### Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Commencing April 1, 1987, certain loans for the development of export trade are now made under budgetary authority.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The closing balance of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary

authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at this amount reported in Table 7.18.

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988
	\$	\$	\$	\$
(a) 1 year term, non-interest bearing:				
Cuba .....			19,724,617	19,724,617
(b) 6 to 10 year term, 0% to 8.75% interest per annum, with final repayments between September 1988 and August 1996:				
India .....		293,009	2,111,713	1,818,704
United States .....	15,710,362	870,859		14,839,503
	15,710,362	1,163,868	2,111,713	16,658,207
(c) 11 to 15 year term, 6.25% to 9.5% interest per annum, with final repayments between October 1991 and April 1995:				
Antigua .....	40,017,366	40,017,366		
Brazil .....	13,853,608	3,914,698	3,690,765	13,629,675
Norway .....	26,370,707	1,440,998	297,534	25,227,243
Zambia .....	150,111			150,111
	80,391,792	45,373,062	3,988,299	39,007,029
(d) 18 year term, non-interest bearing, with final repayment in November 1988:				
Nigeria .....	82,939			82,939
(e) 51 year term, 8% interest per annum, with final repayment in September 2036:				
Antigua .....		4,998,081	40,017,366	35,019,285
	96,185,093	51,535,011	65,841,995	110,492,077
		1,818,704		1,818,704
Less: payments made under budgetary authority .....				
	96,185,093	53,353,715	65,841,995	108,673,373

During the year, receipts and other credits included loan repayments of \$45,126,739, and a valuation adjustment of \$6,408,272 in respect of loans totalling \$70,656,186 US, while payments and other charges included loans of \$65,841,995. Interest of \$4.6 million was received and credited to non-tax revenue.

### Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the Canadian Commercial Bank Financial Assistance Act. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank (the Government of Canada's share is \$60 million) and the purchase of outstanding debentures from existing holders (\$13 million).

### Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The loans bear interest at rates from 4.25% to 5.375% per annum, and are repayable in equal semi-annual instalments over 25 and 45 years, with final instalments between September 30, 1990 and September 30, 2005.

### Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year. The advances bear interest at rates from 5.875% to 18.375% per annum.

Advances made to the Authority to meet payments on Municipal Development and Loan Board loans and/or Canada Ports Corporation loans, have also been charged to this account. During the year, additional loans were authorized by Finance Vote L30, Appropriation Acts No 1 and No 3, 1987-88.

### Town of Oromocto Development Corporation

Loans have been made to the Town of Oromocto Development Corporation, for housing projects in the Town of Oromocto, New Brunswick. The total loan authority is \$1,250,000.

The loans bear interest at rates of 5% and 5.75% per annum, and are repayable in equal semi-annual instalments over 30 years, with final instalments between November 15, 1988 and February 15, 1992.



### Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories. The total loan authority is \$5,500,000.

The loans bore interest at the rate of 13% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

### Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-68 level. The total loan authority is \$6,000,000. The loans bear interest at the rate of 8.75% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bear interest at rates from 8% to 10% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

### Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8% per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write-off the balance.

### British Yukon Railway Company

A loan was made to the British Yukon Railway Company, for the Whitepass and Yukon Railway, to maintain and improve the rail service of the Yukon Territory.

The Company repaid \$600,000 during the year. The balance in the account of \$3,900,000 was written-off pursuant to Indian Affairs and Northern Development Vote 26e, Appropriation Act No 6, 1987-88.

### Chippewa Band of Kettlepoint

A non-interest bearing loan has been made to the Chippewa Band of Kettlepoint, to purchase Lots 60 and 61 in Lake Road, West Concession, in the Township of Bosanquet, County of Lambton, Ontario. Land claim negotiations are presently being held with the Band and it is expected that repayment will be made in full once a settlement is reached.

### Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L21c, Appropriation Act No 4, 1987-88.

The loans are repayable in full upon settlement of land claims, and are non-interest bearing before an Agreement-in-Principle for the settlement of a claim is reached.

### Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5% to 21% per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1988 and October 23, 2001.

### Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is \$70,000,000.

The loans bear interest at rates from 5% to 22.25% per annum, and are repayable over 1 month to 15 years, with final instalments between April 1, 1988 and February 1, 2003.

### Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10% per annum for up to 10 years.

During the year, \$796,794 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, Appropriation Act No 9, 1966.

## Inuvialuit Regional Corporation

A loan has been made to the Inuvialuit Regional Corporation pursuant to Section 6 of the Western Arctic (Inuvialuit) Claims Settlement Act to meet the monetary obligations of the Government under Section 15(4) of the agreement dated June 5, 1984, between the Committee for Original Peoples' Entitlement representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada.

The total loan authority is \$30,000,000 per year as long as the total outstanding loans do not exceed \$79,091,000.

The loan bears interest at the rate of 8% per annum, calculated semi-annually, not in advance, and any accrued interest or loans outstanding, exceeding \$79,091,000 are repayable on December 31, 1988.

## Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L20 and L20c, Appropriation Acts No 1, No 3 and No 4, 1987-88.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 1997, whichever date is earlier.

## Yukon Power Corporation

In accordance with Section 4(2) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act, the Northern Canada Power Commission (a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Power Corporation effective March 31, 1987. In exchange for such assets, an amount of \$95 million is to be paid to the Government of Canada (see Table 7.3—Northern Canada Power Commission—Loans, in this section).

On March 31, 1987, the Yukon Power Corporation paid \$19.5 million in cash and issued \$75.5 million in notes to the Government of Canada. The Government of Canada assigned one note amounting to \$19.5 million to the Government of the Yukon Territory pursuant to Section 7(1) of the Act. Pursuant to Section 7(2) of the Act, this note assignment was written-off to budgetary expenditure and deleted from the accounts of Canada.

In 1987-88, \$1,150,970 in notes has been paid to the Government.

## Provincial workers' compensation boards

This account is operated under the authority of Section 3(4) of the Government Employees Compensation Act, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

## Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4% to 5.75% per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

## Burgeo Leasing Limited

Loans have been made to Burgeo Leasing Limited, for the construction of an extension to the wharf at Burgeo, Newfoundland. The total loan authority is \$240,000.

The loans bear interest based on the composite rate of 7.147% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on September 1, 1996.

## Eurocan Pulp and Paper Co Ltd

Loans have been made to Eurocan Pulp and Paper Co Ltd, for the construction of a marine terminal at Kitimat, British Columbia. The total loan authority is \$4,500,000.

During the year, the loans were repaid in full.

## Sydney Steel Corporation

Loans have been made to Sydney Steel Corporation, for the construction of wharf facilities at Sydney, Nova Scotia. The total loan authority is \$6,000,000.

The loans bear interest at the rate of 9.078% per annum, and are repayable in equal annual instalments over 20 years, with the final instalment on June 12, 1998. The instalments are in arrears since June 1, 1979. Parliamentary authority is required to write-off the balance.

## Canadair Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to manufacture and sell aircraft.

Loans have been made to the Corporation for the financing of water bomber aircraft, such loans to be recovered on the sale of the aircraft.

The loans are non-interest bearing and are repayable only when the aircraft are sold.

### Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 to 7 years, with final instalments between April 1, 1988 and December 31, 1994.

### Company stock option

This account records the purchase by the General Adjustment Assistance Board and the Enterprise Development Board, on behalf of Her Majesty in right of Canada, of the capital stock of a company in order to exercise a stock option in such company that has been taken by the Board in connection with the provision of a loan, or of insurance of a loan or a letter of credit made or issued to the company in accordance with the General Adjustment Assistance Regulations, the Automotive Manufacturing Assistance Regulations, or under the Enterprise Development Program, where, in the opinion of a Board established pursuant to Section 7 of the Department of Regional Industrial Expansion Act:

- (i) the value of the capital stock of the company has increased as a result of the assistance provided and the stock option should be exercised, in order to permit Her Majesty in right of Canada to benefit from the increased value of the capital stock of the company; or,
- (ii) the stock option should be exercised, to protect the Crown's interest in respect of the loan made or insurance provided; and,

to authorize the sale or other disposition of any capital stock so acquired.

During the year, additional purchases were authorized by Regional Industrial Expansion Vote L20, Appropriation Acts No 1 and No 3, 1987-88.

### Industrial and regional development program

Loans have been made to firms and industries to help them adjust to changing competitive conditions and to produce new, more viable and competitive products and services.

The remaining loan bears interest at the rate of 12.625% per annum, and is repayable between January 1, 1989 and December 31, 1998.

### Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage in or assisting manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Regional Industrial Expansion Votes L25 and L25b, Approp-

riation Acts No 1, No 3 and No 4, 1987-88. One of the loans bears interest at rates from 9.375% to 10.375% per annum, and is repayable over 7 to 8 years, with final instalments between December 31, 1994 and December 1, 1995. The other loan is interest-free unless it is in default, and it will be repaid in one instalment of \$110 million on April 1, 2017.

### Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$11,277 were forgiven pursuant to Solicitor General Vote L103b, Appropriation Act No 1, 1969.

### Canadian Commercial Bank

This account represents the amount the Receiver General for Canada had on deposit with the Canadian Commercial Bank at the time the Bank ceased operation on September 1, 1985. Since this amount was not covered for reimbursement under the Financial Institutions Depositors Compensation Act, parliamentary authority is required to write-off the balance.

### Defence production loan account

This account was established pursuant to Section 15.1 of the Defence Production Act, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 15.2 of the Defence Production Act stated that the aggregate of expenditures charged to the Defence production revolving fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence production revolving fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.



The balance in the account represents:

- a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred; and,
- a loan of \$8 million which was issued to Expro Chemical Products Inc for the specific purpose of meeting its working capital requirements.

The loan bears interest at the rate of 9.865% per annum, and is repayable in quarterly instalments over 5 years, with the final instalment in March, 1994.

### **Coast Ferries Limited**

A loan was made to the Corporation, for working capital purposes.

During the year, the balance of the loan totalling \$75,000 was written-off pursuant to Transport Vote 11e, Appropriation Act No 6, 1987-88.

### **Corporation of the City of Montreal**

A loan has been made to the Corporation of the City of Montreal, for the construction of a vehicular tunnel under the Lachine Canal at Atwater Avenue.

The loan bears interest at the rate of 3.125% per annum, and is repayable in equal annual instalments over 30 years, with the final instalment on June 20, 1991.

### **Hamilton Harbour Commissioners**

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The loan bears interest at the rate of 4.125% per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on January 31, 2001.

### **Northern Transportation Company Limited**

A loan has been made to 141606 Canada Limited, to finance the acquisition of the former Northern Transportation Company Limited. On July 15, 1985, both corporations were amalgamated under the name of Northern Transportation Company Limited.

The loan bears interest at the rate of 4% per annum, is repayable in annual instalments equal to 40% of the annual cash flow of the Company, and has an indefinite maturity date.

### **Port Alberni Harbour Commission**

Loans have been made to the Port Alberni Harbour Commission, to finance the construction of a new lumber assembly wharf.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.062% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$152,113; and,
- (b) bearing interest at the rate of 7.187% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$428,302.

### **Thunder Bay Harbour Commission**

Loans have been made to the Thunder Bay Harbour Commission, for the expansion of the Keefer terminal.

The loans bear interest at the rate of 7.437% per annum, and are repayable in semi-annual instalments over 15 years, with the final instalment on June 30, 1989.

### **Commonwealth War Graves Commission**

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to \$69,816 Cdn, using the year-end rate of exchange (£1UK = \$2.3272 Cdn).

The advances are non-interest bearing and have no fixed terms of repayments.

## **ALLOWANCE FOR VALUATION**

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

## **SUPPLEMENTARY STATEMENTS**

### **Loans, Investments and Advances by Type**

Table 7.19 reports the balances and transactions by type for loans, investments and advances. The types of transactions identify the causes for increases and decreases to loans, investments and advances.



TABLE 7.19

## LOANS, INVESTMENTS AND ADVANCES BY TYPE

	1987-88	1986-87
	\$	\$
Opening balance.....	24,989,210,127	26,375,193,308
<b>RECEIPTS AND OTHER CREDITS—</b>		
Settlement with cash .....	4,383,806,046	4,547,864,262
Settlement with other assets .....	59,839,474	327,929,335
Foreign currency translation .....	54,978,931	75,667,392
Write-off .....	1,459,545,588	34,943,546
Other adjustments .....	255,158,488	459,091,079
Allowance for valuation .....	100,000,000	100,000,000
	6,313,328,527	5,545,495,614
	18,675,881,600	20,829,697,694
<b>PAYMENTS AND OTHER CHARGES—</b>		
Acquisition with cash .....	3,724,261,956	2,892,886,838
Acquisition with other assets .....	324,398,202	726,108,439
Foreign currency translation .....		12,006
Other adjustments .....	355,488,542	440,505,150
Allowance for valuation .....	400,000,000	100,000,000
	4,804,148,700	4,159,512,433
Closing balance.....	23,480,030,300	24,989,210,127

## Recorded Uncollected Interest

In accordance with Government's stated accounting policies, interest due but not received is not reported as revenue. In certain cases, this uncollected interest is recorded by being added to the applicable loan and advance account, and credited to an uncollected interest account. Since the Government's policy is to report revenue only as received, the balance of the uncollected interest account is deducted from the loan and advance account, to present it on a net basis.

Table 7.20 reports the balances and transactions for the year in respect of the recorded uncollected interest.

TABLE 7.20

## RECORDED UNCOLLECTED INTEREST

	April 1/1987	Additions	Collections and deletions	March 31/1988
	\$	\$	\$	\$
Loans, investments and advances—				
Crown corporations—				
All other Crown corporations—				
Atomic Energy of Canada Limited—				
Housing .....	4,609		587	4,022
Bruce heavy water plant .....	31,174,246		4,498,210	26,676,036
Commercial products division .....	112,062		23,650	88,412
Lepreau nuclear station .....	48,825,312		709,943	48,115,369
	80,116,229		5,232,390	74,883,839
Canada Development Investment Corporation—				
Eldorado Nuclear Limited .....	10,093,433			10,093,433
Canada Ports Corporation .....	4,370,511		4,370,511 <sup>(1)</sup>	
Northern Canada Power Commission—Loans .....	7,043,370		6,420,087	623,283
St Lawrence Seaway Authority, The—Interest bearing loans .....	210,000,000		210,000,000 <sup>(1)</sup>	
Provincial and territorial governments—				
Federal-provincial employment loans program .....	70,488		7,694	62,794
Special development loans program .....	2,661		374	2,287
Winter capital projects fund .....	2,491,743		106,305	2,385,438
Atlantic Development Board carry-over projects .....	136,105		5,942	130,163
Special areas and highways agreement .....	30,344,325		1,480,160	28,864,165
Regional electrical interconnections .....	13,378,879		208,076	13,170,803
Agricultural service centres—Loans .....	434,266		23,373	410,893
Atlantic Provinces Power Development Act .....	11,806,207		407,633	11,398,574
Yukon Territory small business loans .....	467,267	77,496		544,763
National governments including developing countries—				
Jamaica—Economic assistance .....	8,046,875	13,979,063		22,025,938
The United Kingdom Financial Agreement Act, 1946 .....	115,802,213			115,802,213
International organizations—				
International financial institutions—				
Inter-American Development Bank .....	6,875,388			6,875,388
Miscellaneous—				
Hydro-Quebec Research Institute .....	2,146,026		118,054	2,027,972
Northern Transportation Company Limited .....	487,130	299,497		786,627
Saint John Harbour Bridge Authority .....	760,223	335,378		1,095,601
	504,873,339	14,691,434	228,380,599	291,184,174

<sup>(1)</sup> Forgiven pursuant to Transport Vote 2c, Appropriation Act No 4, 1987-88.

# SECTION 8

## 1987-88 PUBLIC ACCOUNTS

### Specified Purpose Accounts

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Royal Canadian Mounted Police (Dependants) Pension Fund .....	8.36

## SPECIFIED PURPOSE ACCOUNTS

Specified purpose accounts represent the recorded value of the financial obligations of the Government of Canada in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

This section gives details of specified purpose accounts on which summary information was given in Sections 1 and 2 of this volume.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

TABLE 8.1

## SPECIFIED PURPOSE ACCOUNTS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (-)	
	\$	\$	\$	\$	1988	1987
Canada Pension Plan Account, Table 8.2 .....	34,232,706,028	9,252,463,894	7,464,094,023	36,021,075,899	1,788,369,871	2,517,904,194
Less: provincial and territorial government securities held by the Canada Pension Plan Investment Fund, Table 8.2 .....	30,458,593,000	655,289,000	1,441,898,000	31,245,202,000	786,609,000	961,981,000
	3,774,113,028	9,907,752,894	8,905,992,023	4,775,873,899	1,001,760,871	1,555,923,194
Superannuation accounts, Table 8.4 .....	46,669,009,541	7,063,031,336	1,644,374,381	52,087,666,496	5,418,656,955	4,879,706,739
Less: unamortized portion of actuarial deficiencies, Table 8.4 .....	3,987,200	3,987,200			- 3,987,200	- 115,698,837
	46,665,022,341	7,067,018,536	1,644,374,381	52,087,666,496	5,422,644,155	4,995,405,576
Government Annuities Account .....	1,024,319,792	68,420,511	105,301,922	987,438,381	- 36,881,411	- 35,470,627
Deposit and trust accounts, Table 8.11 .....	1,840,418,849	10,384,714,339	10,429,089,414	1,796,043,774	- 44,375,075	13,930,459
Provincial tax collection agreements account, Table 8.14 .....	1,446,681,416	20,458,140,034	19,407,896,652	2,496,924,798	1,050,243,382	57,118,748
Other specified purpose accounts, Table 8.15 .....	754,139,671	13,659,614,095	13,570,531,754	843,222,012	89,082,341	108,860,517
Total .....	55,504,695,097	61,545,660,409	54,063,186,146	62,987,169,360	7,482,474,263	6,695,767,867

Note: the balances and the transactions of the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are reported in Section 6 of this volume since the transactions in these accounts are treated as budgetary.

## Canada Pension Plan Account

The Canada Pension Plan is a compulsory contributory social insurance plan which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and costs incurred in the administration of the program are financed from contri-

butions made by employees, employers and self-employed persons, and the interest earned from the investment of funds.

The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 8.2 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the provinces and territories held by the Canada Pension Plan Investment Fund.

TABLE 8.2

## CANADA PENSION PLAN ACCOUNT

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (-)	
					1988	1987
	\$	\$	\$	\$	\$	\$
Canada Pension Plan Account, Table 8.3	34,232,706,028	9,252,463,894	7,464,094,023	36,021,075,899	1,788,369,871	2,517,904,194
Less: provincial and territorial government securities held by the Canada Pension Plan Investment Fund—						
Newfoundland	668,714,000	12,000,000	43,829,000	700,543,000	31,829,000	48,621,000
Nova Scotia	1,259,373,000	24,639,000	81,516,000	1,316,250,000	56,877,000	89,330,000
Prince Edward Island	140,167,000	2,290,000	10,010,000	147,887,000	7,720,000	11,636,000
New Brunswick	923,106,000	19,328,000	62,396,000	966,174,000	43,068,000	58,811,000
Quebec	122,205,000	1,876,000	5,158,000	125,487,000	3,282,000	6,539,000
Ontario	15,845,784,000	375,902,000	431,015,000	15,900,897,000	55,113,000	18,682,000
Manitoba	1,797,643,000	39,396,000	89,941,000	1,848,188,000	50,545,000	115,045,000
Saskatchewan	1,460,423,000	29,663,000	88,333,000	1,519,093,000	58,670,000	109,247,000
Alberta	3,743,357,000	55,194,000	298,620,000	3,986,783,000	243,426,000	357,903,000
British Columbia	4,497,249,000	95,001,000	327,926,000	4,730,174,000	232,925,000	145,595,000
Northwest Territories						
Yukon Territory	572,000		3,154,000	3,726,000	3,154,000	572,000
	30,458,593,000	655,289,000	1,441,898,000	31,245,202,000	786,609,000	961,981,000
Total	3,774,113,028	9,907,752,894	8,905,992,023	4,775,873,899	1,001,760,871	1,555,923,194

## Receipts and other credits include:

- (a) contributions of: (i) 1.9% of earnings by employees earning over \$2,500 for the 1987 calendar year and 2.0% of earnings over \$2,600 for the 1988 calendar year, subject to maximum payments of \$444.60 for the 1987 calendar year and \$478 for the 1988 calendar year, with matching contributions by employers and (ii) 3.8% of earnings of self-employed persons over \$2,500 for the 1987 calendar year and 4.0% of earnings over \$2,600 for the 1988 calendar year, subject to maximum payments of \$889.20 for the 1987 calendar year and \$956 for the 1988 calendar year;
- (b) interest received from securities of the Canada Pension Plan Investment Fund, and from the average daily operating balance; and,
- (c) funds received from the federal and provincial governments for securities which have been redeemed.

## Payments and other charges include:

- (a) benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers or orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess moneys in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

On the Statement of Assets and Liabilities of the Government of Canada, the investment in securities issued by provinces and territories, as charged to the Canada Pension Plan Investment Fund, is deducted from the Canada Pension Plan Account. The liability of the Government of Canada of \$4,775,873,899 at March 31, 1988 (\$3,774,113,028 as at March 31, 1987) is comprised of \$2,491,847,000 (\$1,795,680,000 in 1987) in special non-marketable bonds issued to the Canada Pension Plan Investment Fund (Section 11 in this volume) with the balance of \$2,284,026,899 (\$1,978,433,028 in 1987) being held on deposit in the Consolidated Revenue Fund to cover three months operating costs and the April purchase of securities.



TABLE 8.3

CANADA PENSION PLAN ACCOUNT  
(in millions of dollars)

	1987-88	1986-87
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions—		
Employees, employers and self-employed	5,583	4,976
Interest on investments	3,485	3,248
Interest on average daily operating balance	184	156
	9,252	8,380
<b>PAYMENTS AND OTHER CHARGES—</b>		
Benefits	7,329	5,722
Expenses	135	140
	7,464	5,862
Excess of receipts and other credits over payments and other charges	1,788	2,518
<b>Funds applied—</b>		
Purchases of bonds—		
Provincial and territorial	1,442	1,525
Federal	700	1,352
Increase in deposits with Receiver General	305	206
	2,447	3,083
<b>Less: funds provided—</b>		
Redemption of bonds—		
Provincial	655	563
Federal	4	2
	659	565
Net increase	1,788	2,518
Balance at beginning of year	34,233	31,715
Balance at end of year	36,021	34,233

## Superannuation Accounts

The Government provides pensions to retired employees or their dependants through pension schemes authorized by the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act. These pensions are indexed to the cost of living under authority of the Supplementary Retirement Benefits Act. The Government's liabilities in its role as sponsor and administrator of these pension plans in respect of its employees and certain other contributors, are recorded in the relevant superannuation accounts.

Legislation for basic pensions provides for employee contributions (6½% of salary), employer contributions (prior year's employee contributions for members of the Public Service, and approximately 1.8 and 2.0 times current year's employee contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively), allocation of interest (average market yield of 20 year Canada bonds weighted by the quarterly excess of receipts over disbursements in the three accounts each quarter over 20 years), and actuarial valuation deficiencies. Legislation for indexing basic pensions does not require actuarial valuations but does provide for additional employee contributions (1% of salary), matching employer contributions and allocation of interest (current rate of 5 year Canada bonds).

Receipts and other credits for the superannuation accounts consist of contributions from personnel, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other Government contributions related to actuarial liability adjustments (not

applicable to the Supplementary Retirement Benefits Account), and interest. Payments and other charges for the superannuation accounts consist of payments of pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions and transfers to other plans.

The Public Pensions Reporting Act, as passed by the House of Commons on February 10, 1986, requires that actuarial reviews be conducted at a date not later than four years after the last review date and, thereafter, at dates not more than three years apart, for each of the employer-sponsored pension plans, and the portion of the Supplementary Retirement Benefits Account that relates to these plans. As specified in that Act, the last review dates are deemed to be December 31, 1983 for the Public Service Superannuation Account, December 31, 1983 for the Canadian Forces Superannuation Account, and December 31, 1985 for the Royal Canadian Mounted Police Superannuation Account.

In accordance with the legislation governing the basic portion of the three superannuation plans, the Minister of Finance has the authority to direct that any actuarial deficiency found will be credited to the appropriate account, charged to unamortized portion of actuarial deficiencies, and amortized to expenditure in five equal annual instalments commencing in the year in which the actuarial report is laid before Parliament. In addition, the cost of added liabilities, created by the authorization of salary increases each year, is credited to the superannuation accounts, charged to unamortized portion of actuarial deficiencies, and amortized to expenditure over a period of five years commencing in the year in which the increases are authorized.

Since the quarter ending September 30, 1969, the regulations, made pursuant to each of the superannuation acts, have provided for the calculation of interest on the basic accounts at a rate related to the Canada Pension Plan interest rate. The acts further provide that the amount by which the calculated interest rate (currently about 11% per annum) exceeds the amount of interest calculated at the rate used in the latest actuarial report (currently 6.5% per annum for the Public Service, Canadian Forces and Royal Canadian Mounted Police Superannuation Accounts), may be used to reduce the amortization of actuarial deficiency adjustments charged to budgetary expenditure. Any of these interest earnings not needed to reduce amortization charges are credited to the respective Accounts.

Table 8.4 presents a summary of the balances and transactions for the superannuation accounts including the unamortized portion of actuarial deficiencies. Table 8.5 presents an analysis of actuarial deficiency adjustments.

Table 8.6 presents a summary of transactions in the superannuation accounts that resulted in charges to budgetary expenditure. In 1987-88, \$6,874 million was charged to budgetary expenditure on account of superannuation plans. This was composed of Government contributions, \$871 million; increased superannuation benefits paid during the year due to indexation in excess of the superannuates' share of contributions to the Supplementary Retirement Benefits Account, \$839 million; and, interest, \$5,164 million (\$5,160 million credited to the superannuation accounts and \$4 million of interest earnings in excess of 6.5% on the main superannuation accounts which was used to reduce the amortization of actuarial deficiency adjustments).

**TABLE 8.4**  
**SUPERANNUATION ACCOUNTS**

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
Public Service Superannuation Account, Table 8.7 ..	24,769,356,677	3,888,282,863	1,048,139,655	27,609,499,885	2,840,143,208	2,615,211,573
Less: unamortized portion of actuarial deficiency .....	24,769,356,677	3,888,282,863	1,048,139,655	27,609,499,885	2,840,143,208	2,668,653,373
Canadian Forces Superannuation Account, Table 8.8 .....	16,110,864,205	2,170,259,599	479,438,207	17,801,685,597	1,690,821,392	1,469,442,704
Less: unamortized portion of actuarial deficiency .....	16,110,864,205	2,170,259,599	479,438,207	17,801,685,597	1,690,821,392	1,469,442,704
Royal Canadian Mounted Police Superannuation Account, Table 8.9 .....	2,406,918,195	393,214,695	42,386,912	2,757,745,978	350,827,783	309,975,355
Less: unamortized portion of actuarial deficiency .....	2,406,918,195	393,214,695	42,386,912	2,757,745,978	350,827,783	310,981,055
Supplementary Retirement Benefits Account, Table 8.10 .....	3,381,870,464	611,274,179	74,409,607	3,918,735,036	536,864,572	485,077,107
Total .....	46,665,022,341	7,067,018,536	1,644,374,381	52,087,666,496	5,422,644,155	4,995,405,576
Summary— Superannuation accounts .....	46,669,009,541	7,063,031,336	1,644,374,381	52,087,666,496	5,418,656,955	4,879,706,739
Less: unamortized portion of actuarial deficiencies .....	3,987,200	3,987,200			— 3,987,200	— 115,698,837
Total .....	46,665,022,341	7,067,018,536	1,644,374,381	52,087,666,496	5,422,644,155	4,995,405,576

**TABLE 8.5**

**ANALYSIS OF ACTUARIAL DEFICIENCY ADJUSTMENTS FOR 1987-88**  
(in millions of dollars)

	Arising from salary increments				Arising from actuarial valuations				Total
	Public Service Super- annuation Account	Canadian Forces Super- annuation Account	Royal Canadian Mounted Police Superannuation Account	Sub- total	Public Service Super- annuation Account	Canadian Forces Super- annuation Account	Royal Canadian Mounted Police Superannuation Account	Sub- total	
Actuarial deficiency adjustments recognized <sup>(1)</sup> .....		20		20					20
Less: amount amortized to March 31, 1987 .....		16		16					16
Unamortized balance at March 31, 1987 .....		4		4					4
Add: current year actuarial deficiency adjustments .....									
Less: current year amortization .....		4		4					4
Unamortized balance at March 31, 1988 .....									

<sup>(1)</sup> Represents actuarial deficiency adjustments recognized prior to 1987-88 for which the amounts have not yet been fully amortized.

TABLE 8.6

SUMMARY OF TRANSACTIONS IN SUPERANNUATION ACCOUNTS THAT RESULTED IN CHARGES TO BUDGETARY EXPENDITURE  
(in millions of dollars)

	1987-88						1986-87
	Government contributions	Net amortization of actuarial deficiency adjustments <sup>(1)</sup>	Supplementary Retirement Benefits Account	Interest <sup>(1)</sup>		Total	
				A	B		
Public Service Superannuation Account .....	427		501	2,775		3,703	3,372
Canadian Forces Superannuation Account .....	247		314	1,782	4	2,347	2,127
Royal Canadian Mounted Police Superannuation Account .....	82		24	271		377	332
Supplementary Retirement Benefits Account .....	115			332		447	383
Total .....	871		839	5,160	4	6,874	6,214

<sup>(1)</sup> Column A represents interest earnings credited to the Accounts. Column B represents interest earnings in excess of 6.5% on each respective Account which were charged to interest on public debt, and applied against the amortization of actuarial deficiency adjustments. In 1987-88, net amortization charges were nil.

### Public Service Superannuation Account

This account is operated under the Public Service Superannuation Act.

The unamortized portion of the actuarial deficiency in the Public Service Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in 1986-87 and 1987-88 as a result of actuarial reviews or salary increases authorized in excess of 5%.

TABLE 8.7

### PUBLIC SERVICE SUPERANNUATION ACCOUNT

	1987-88	1986-87
	\$	\$
Opening balance .....	24,769,356,677	22,154,145,104
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees .....	415,774,165	410,416,063
Retired employees .....	21,698,502	19,257,917
Public Service corporation employees .....	120,587,678	122,656,431
Matching contributions—		
Government .....	426,908,825	397,926,126
Public Service corporations .....	119,051,524	119,618,297
Transfers from other pension funds .....	9,376,431	11,546,933
Interest .....	2,774,885,738	2,445,350,033
	3,888,282,863	3,526,771,800
	28,657,639,540	25,680,916,904
PAYMENTS AND OTHER CHARGES—		
Annuities .....	919,954,916	826,003,699
Cash termination allowances .....	363,360	259,220
Minimum benefits .....	11,307,990	8,966,998
Returns of contributions—		
Government employees .....	58,579,872	47,950,343
Public Service corporation employees .....	22,538,086	21,156,024
Transfers to other pension funds .....	35,395,431	7,223,943
	1,048,139,655	911,560,227
Closing balance .....	27,609,499,885	24,769,356,677

### Canadian Forces Superannuation Account

This account is operated under the Canadian Forces Superannuation Act.

The unamortized portion of the actuarial deficiency in the Canadian Forces Superannuation Account at the end of the current year was nil compared with \$4 million at March 31, 1987. During the year, \$4 million was amortized as a charge to budgetary expenditure, all of which was charged to interest on public debt. No actuarial liability adjustment was made in 1986-87 and 1987-88 as a result of actuarial reviews or salary increases authorized in excess of 5%.

TABLE 8.8

### CANADIAN FORCES SUPERANNUATION ACCOUNT

	1987-88	1986-87
	\$	\$
Opening balance .....	16,110,864,205	14,641,421,501
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel .....	138,871,662	130,867,098
Contributions by the Government .....	247,249,158	232,803,915
Interest .....	1,781,688,601	1,545,909,111
Other .....	2,450,178	2,813,125
	2,170,259,599	1,912,393,251
	18,281,123,804	16,553,814,752
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments .....	459,239,664	425,915,688
Cash termination allowances and returns of contributions .....	18,850,465	15,965,854
Transfers to Public Service Superannuation Account (Treasury Board) .....	1,351,138	1,069,005
Other .....	- 3,060	
	479,438,207	442,950,547
Closing balance .....	17,801,685,597	16,110,864,205



# Royal Canadian Mounted Police Superannuation Account

This account is operated under the Royal Canadian Mounted Police Superannuation Act.

The unamortized portion of the actuarial deficiency in the Royal Canadian Mounted Police Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in 1986-87 and 1987-88 as a result of actuarial reviews or salary increases authorized in excess of 5%.

TABLE 8.9

## ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	1987-88	1986-87
	\$	\$
Opening balance .....	2,406,918,195	2,096,942,840
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions from personnel (current and arrears) .....	40,261,964	36,702,286
Contributions by the Government .....	81,888,995	71,971,133
Interest .....	271,063,736	236,881,243
	393,214,695	345,554,662
	2,800,132,890	2,442,497,502
<b>PAYMENTS AND OTHER CHARGES—</b>		
Annuities and allowance payments .....	39,723,295	33,224,674
Cash termination allowance payments, returns of contributions and gratuities ..	2,227,450	1,875,229
Transfers to other pension funds .....	177,601	276,833
Interest on returns of contributions .....	258,566	202,571
	42,386,912	35,579,307
Closing balance .....	2,757,745,978	2,406,918,195

TABLE 8.10

## SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT (in thousands of dollars)

	Public Service		Canadian Forces		Royal Canadian Mounted Police		Parliament		Others		Total	
	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87
Opening balance .....	2,511,406	2,149,950	678,394	584,130	178,295	151,436	5,669	4,829	8,106	6,448	3,381,870	2,896,793
<b>RECEIPTS AND OTHER CREDITS—</b>												
Employee contributions—												
Public Service corporations .....	23,642	22,469									23,642	22,469
Government .....	80,171	77,840	26,949	25,285	7,365	6,837	244	239	715	577	115,444	110,778
Matching contributions—												
Public Service corporations .....	24,165	22,799									24,165	22,799
Government .....	80,167	77,866	26,886	25,253	7,364	6,839	243	238	715	577	115,375	110,773
Interest .....	246,743	202,369	66,801	55,025	17,358	14,173	535	426	833	507	332,270	272,500
Transfers from other pension funds ..	295	242	2	6	81	19					378	267
	455,183	403,585	120,638	105,569	32,168	27,868	1,022	903	2,263	1,661	611,274	539,586
	2,966,589	2,553,535	799,032	689,699	210,463	179,304	6,691	5,732	10,369	8,109	3,993,144	3,436,379
<b>PAYMENTS AND OTHER CHARGES—</b>												
Annuities .....	40,644	28,015	11,448	8,299	733	610	206	58	6	3	53,037	36,985
Cash termination allowances .....	14	18									14	18
Minimum benefits .....	557	418									557	418
Returns of contributions—												
Public Service corporations .....	4,189	3,867									4,189	3,867
Government .....	10,855	8,905	3,553	2,912	444	356	7	5			14,859	12,178
Transfers to other pension funds .....	1,590	906	145	94	18	43					1,733	1,043
	57,849	42,129	15,146	11,305	1,195	1,009	213	63	6	3	74,409	54,509
Closing balance .....	2,908,740	2,511,406	783,886	678,394	209,268	178,295	6,478	5,669	10,363	8,106	3,918,735	3,381,870

# Supplementary Retirement Benefits Account

This account was established by the Supplementary Retirement Benefits Act, to provide for the payment of increased pension benefits resulting from indexation. Actuarial valuation of the Account is not required by the legislation.

The Chief Actuary of the Department of Insurance has estimated that, after allowing for surpluses (there were no deficits) in the three basic accounts, the actuarial present value of unfunded supplementary retirement benefits, including provision for future indexation, in respect of benefits earned or in pay as at March 31, 1988, was \$3.8 billion, or \$4.1 billion if the Royal Canadian Mounted Police plan which has no net unfunded supplementary retirement benefits is excluded. This amount is based on dynamic economic assumptions which incorporate the current high interest rates (the interest rate was assumed to decrease from a level of 10% in 1988 to 6% for 2007 and subsequent years) as well as current price and salary increase levels, which were gradually linked with ultimate or long-term economic assumptions of 6% for interest, 5% for wages and an inflation rate of 3.5%.

Increased superannuation benefits paid during the year due to indexation amounted to \$893 million (\$821 million in 1986-87), of which \$839 million (\$784 million in 1986-87) represents benefits to superannuates in excess of their share of contributions to the account which has been charged to budgetary expenditure. The payments charged to budgetary expenditure on behalf of contributors amounted to \$501 million (\$476 million in 1986-87) for the Public Service Superannuation Account of which it is estimated that \$40 million (\$38 million in 1986-87) pertains to former employees of Public Service corporations, \$314 million (\$286 million in 1986-87) for the Canadian Forces Superannuation Account, and \$24 million (\$22 million in 1986-87) for the Royal Canadian Mounted Police Superannuation Account. An amount of \$54 million (\$37 million in 1986-87) was charged to the Supplementary Retirement Benefits Account.



## Government Annuities Account

This account was established by the Government Annuities Act, and modified by the Government Annuities Improvement Act, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the Government Annuities Act was to assist Canadians to provide for their later years, by the purchase of Government annuities. The Government Annuities Improvement Act increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously unlocated annuitants, earned interest and items transferred from previous years' revenue to cover the actuarial deficit. Payments and other charges represent matured annu-

ties, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenue. The amounts of unclaimed annuities, related to annuitants who cannot be located, are transferred to non-tax revenue.

## Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability.

Table 8.11 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 8.11

### DEPOSIT AND TRUST ACCOUNTS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (-)	
	\$	\$	\$	\$	1988	1987
<b>Deposit accounts—</b>						
<b>Agriculture—</b>						
Canadian Dairy Commission account .....	46,405,758	656,615,524	669,521,108	33,500,174	- 12,905,584	- 2,621,008
Guarantee deposits—Canada Agricultural Products Standards Act .....	755	1,725	1,743	737	- 18	755
	46,406,513	656,617,249	669,522,851	33,500,911	- 12,905,602	- 2,620,253
<b>Communications—</b>						
Canadian Film Development Corporation advance account .....		7,123,714	1,888,041	5,235,673	5,235,673	
<b>Consumer and Corporate Affairs—</b>						
Canada Post Corporation account .....	568,563,544	7,110,149,166	7,170,215,712	508,496,998	- 60,066,546	171,334,731
Security deposits—Bankruptcy Act .....	7,000	7,000	7,000		- 7,000	
Less: securities held in trust .....	7,000	7,000	7,000		- 7,000	
	568,563,544	7,110,156,166	7,170,222,712	508,496,998	- 60,066,546	171,334,731
<b>Employment and Immigration—</b>						
Immigration guarantee fund .....	5,264,489	2,266,748	2,513,027	5,018,210	- 246,279	- 1,286,375
Less: securities held in trust .....	50,000			50,000		- 10,000
	5,214,489	2,266,748	2,513,027	4,968,210	- 246,279	- 1,276,375
<b>Energy, Mines and Resources—</b>						
Guarantee deposits—Oil and gas .....	33,486,338	30,517,855	1,332,867	62,671,326	29,184,988	486,338
Less: securities held in trust .....	32,348,065	255,100	28,447,080	60,540,045	28,191,980	- 651,935
	1,138,273	30,772,955	29,779,947	2,131,281	993,008	1,138,273
<b>Environment—</b>						
Guarantee deposits .....	3,000	2,000		5,000	2,000	- 113,000
Less: securities held in trust .....	3,000		2,000	5,000	2,000	- 113,000
		2,000	2,000			
<b>External Affairs—</b>						
Fairs and missions .....	17,310	137,398	119,943	34,765	17,455	- 244,902
<b>Finance—</b>						
Canada Development Investment Corporation—						
Canadair Limited .....	5,500,000			5,500,000		5,500,000
The de Havilland Aircraft of Canada, Limited .....	68,104,160		10,944,023	57,160,137	- 10,944,023	- 9,195,840
Crown corporations' surplus moneys—						
Canadian Commercial Corporation .....	8,000,000		8,000,000		- 8,000,000	
St Lawrence Seaway Authority, The .....	13,000,000			13,000,000		
	94,604,160		18,944,023	75,660,137	- 18,944,023	- 3,695,840

TABLE 8.11

## DEPOSIT AND TRUST ACCOUNTS—Continued

	Net increase or decrease ( - )					
	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	1988	1987
	\$	\$	\$	\$	\$	\$
Indian Affairs and Northern Development— Field British Columbia and Yukon Operations of the Northern Canada Power Commission .....		1,560,317		1,560,317	1,560,317	
Guarantee deposits .....	162,214,277	58,556,458	179,661,150	41,109,585	- 121,104,692	56,797,052
Less: securities held in trust .....	161,716,873	179,189,169	58,113,671	40,641,375	- 121,075,498	56,853,873
	497,404	237,745,627	237,774,821	468,210	- 29,194	- 56,821
Guarantee deposits—Reserve resources .....	498,137	25,822	1,340	522,619	24,482	30,120
Guarantee deposits—Rotating herds .....	3,091	870		3,961	870	
Indian contributions to the subsidy housing program .....	19,959			19,959		
Indian savings accounts .....	128,520,953	21,547,788	9,662,472	140,406,269	11,885,316	18,812,639
	129,539,544	260,880,424	247,438,633	142,981,335	13,441,791	18,785,938
Justice— Security for costs .....	161,314	33,201	17,968	176,547	15,233	161,314
National Revenue— Customs and Excise— Guarantee deposits .....	11,505,782	3,070,900	3,586,723	10,989,959	- 515,823	4,461,787
Less: securities held in trust .....	11,243,000	3,554,500	2,924,000	10,612,500	- 630,500	4,397,100
	262,782	6,625,400	6,510,723	377,459	114,677	64,687
Temporary deposits received from importers .....	2,655,941		916,564	1,739,377	- 916,564	- 82,812
Less: deposits in special bank accounts .....	2,655,941	916,564	916,564	1,739,377	- 916,564	- 82,812
	262,782	7,541,964	7,427,287	377,459	114,677	64,687
Privy Council— Chief Electoral Officer—Candidates' elec- tion deposits .....		4,400	4,400			
Public Works— Harbourfront capital account .....	- 669,733	18,701,664	8,400,000	9,631,931	10,301,664	- 7,265,490
Regional Industrial Expansion— Fairs, shows and consortiums .....	68,758	16,076	84,834		- 68,758	8,920
Supply and Services— Contractors' security deposits (departments and agencies)— Bonds .....	7,378,800	2,378,781	2,964,656	6,792,925	- 585,875	- 1,881,500
Less: securities held in trust .....	7,378,800	5,934,000	5,359,225	6,804,025	- 574,775	- 1,881,500
		8,312,781	8,323,881	- 11,100	- 11,100	
Cash .....	20,844,031	25,953,657	23,191,314	23,606,374	2,762,343	2,200,535
Certified cheques .....	3,622,491	1,410,534	811,851	4,221,174	598,683	- 3,407,681
Less: securities held in trust .....	3,926,506	836,093	1,130,567	4,220,980	294,474	- 3,007,472
	- 304,015	2,246,627	1,942,418	194	304,209	- 400,209
Royal Canadian Mint account .....	17,816,909	1,959,607,814	1,941,934,796	35,489,927	17,673,018	2,705,592
	38,356,925	1,996,120,879	1,975,392,409	59,085,395	20,728,470	4,505,918
Treasury Board— Privatisation and Regulatory Affairs— Bids deposit account .....	9,765,360		9,765,360		- 9,765,360	9,765,360
Accounts without current transactions .....						- 127,751,441
Total deposit accounts .....	893,429,239	10,090,374,838	10,141,523,435	842,280,642	- 51,148,597	62,910,840
Trust accounts— Agriculture— Canagrex trust fund .....	82,743			82,743		82,743
Communications— National Archives of Canada—Mackenzie King trust account .....	276,215	22,230	21,501	276,944	729	- 1,411
National Library—Special operating account .....	23,156	21,559	30,962	13,753	- 9,403	- 4,374
National Museums of Canada— Trust account .....	1,289,547	659,933	543,832	1,405,648	116,101	705,968
Less: securities held in trust .....	2,000			2,000		
	1,287,547	659,933	543,832	1,403,648	116,101	705,968
	1,586,918	703,722	596,295	1,694,345	107,427	700,183

TABLE 8.11

## DEPOSIT AND TRUST ACCOUNTS—Continued

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
Consumer and Corporate Affairs—						
Income from securities in trust—Bankruptcy Act .....	67,502	4,765		72,267	4,765	4,812
Securities in trust—Bankruptcy Act .....	31,266			31,266		
Less: securities held in trust .....	31,266			31,266		
Unclaimed dividends and undistributed assets—						
Bankruptcy Act .....	2,536,681	1,078,333	845,863	2,769,151	232,470	- 1,144,676
Canada Business Corporations Act .....	96,332	62		96,394	62	- 130
Winding-up Act .....	176,465	308,701		485,166	308,701	- 439
	2,876,980	1,391,861	845,863	3,422,978	545,998	- 1,140,433
Environment—						
Marconi celebration trust fund .....	100,000	125,000	75,000	150,000	50,000	100,000
Parks Program—						
Devonian Foundation deposit account .....		149,863	144,051	5,812	5,812	
National Battlefields Commission—						
Trust fund .....	127,611	13,195		140,806	13,195	17,952
	227,611	288,058	219,051	296,618	69,007	117,952
External Affairs—						
Canada Foundation account .....	300,286	112,223	51,136	361,373	61,087	
Less: securities held in trust .....	46,061	539,272	809,166	315,955	269,894	
deposits in a special bank account ..	254,225	758,205	549,398	45,418	- 208,807	
		1,409,700	1,409,700			
Canadian International Development Agency—						
International agencies—Travel account ..	21,179	41,997	31,893	31,283	10,104	1,306
	21,179	1,451,697	1,441,593	31,283	10,104	1,306
Finance—						
Common school funds—Ontario and Quebec .....	2,677,771			2,677,771		
Foreign claims fund .....	140,074	24,488	20,535	144,027	3,953	- 738,438
Halifax 1917 explosion pension account .....	958,630	156,747	245,886	869,491	- 89,139	- 93,164
Less: securities held in trust .....	190,000	90,000		100,000	- 90,000	
	768,630	246,747	245,886	769,491	861	- 93,164
War claims fund—World War II .....	11,011,792	69,652	11,077,365	4,079	- 11,007,713	107,659
	14,598,267	340,887	11,343,786	3,595,368	- 11,002,899	- 723,943
Fisheries and Oceans—						
Great Lakes Fishery Commission—						
Lamprey research and control .....	14,591	1,860,518	1,731,607	143,502	128,911	- 39,071
Indian Affairs and Northern Development—						
Indian agencies revenue trust bank accounts .....	112,241	4,219,005	4,220,633	110,613	- 1,628	34,031
Less: deposits in special bank accounts ....	112,441	4,218,933	4,217,305	110,813	- 1,628	34,746
	- 200	8,437,938	8,437,938	- 200		- 715
Indian band funds—						
Capital accounts, Table 8.12 .....	746,354,908	104,269,335	112,566,336	738,057,907	- 8,297,001	- 31,390,924
Revenue accounts, Table 8.13 .....	81,793,134	103,564,942	75,457,119	109,900,957	28,107,823	- 7,454,175
	828,148,042	207,834,277	188,023,455	847,958,864	19,810,822	- 38,845,099
Indian band funds—Shares and certificates	20,000			20,000		
Less: securities held in trust .....	20,000			20,000		
Indian compensation funds .....	126,695	30,358		157,053	30,358	1,422
Indian estate accounts .....	17,246,940	6,801,342	5,581,068	18,467,214	1,220,274	1,396,295
Less: securities held in trust .....	113			113		- 5,000
	17,246,827	6,801,342	5,581,068	18,467,101	1,220,274	1,401,295
Indian moneys suspense account .....	8,448,474	11,361,209	8,843,193	10,966,490	2,518,016	- 2,297,658
Indian special accounts .....	840,073	412,374	297,397	955,050	114,977	177,506
1924 Ontario lands agreement .....	4,379,549			4,379,549		
	859,189,460	234,877,498	211,183,051	882,883,907	23,694,447	- 39,563,249
Justice—						
Federal Court special account .....	7,031,940	6,510,264	3,390,723	10,151,481	3,119,541	1,143,720
Labour—						
Fair wages suspense account .....	4,951	166,079	150,920	20,110	15,159	- 36,462
Labour Standards suspense account .....	179,611	125,532	78,871	226,272	46,661	73,083
	184,562	291,611	229,791	246,382	61,820	36,621

TABLE 8.11

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
					\$	\$
National Defence—						
Estates—Armed services .....	302,446	2,901,359	2,916,273	287,532	- 14,914	- 92,266
Herbert Lott naval trust fund .....	405	22	252	175	- 230	- 382
	302,851	2,901,381	2,916,525	287,707	- 15,144	- 92,648
National Health and Welfare—						
Canadian Sports Pool Corporation—						
Other outstanding liabilities .....	197,566	22	11,312	186,276	- 11,290	- 70,096
Donation—Construction of Olympic Complex .....		5,565,909	5,407,714	158,195	158,195	
Inuvik General Hospital .....	2,773			2,773		
Post-occupancy evaluation methodology .....	45,377	32,700	60,175	17,902	- 27,475	45,377
Review of liability and compensation issues in health care .....		216,120		216,120	216,120	
Sioux Lookout Zone Hospital .....	3,563	2,645	1,267	4,941	1,378	- 195
Ted Harrison poster fund .....	1,925	800		2,725	800	1,925
Medical Research Council—						
Donations for research .....	101,719	202,989	251,719	52,989	- 48,730	101,719
Dyskinesia and torticollis research .....	88,681	6,060	11,050	83,691	- 4,990	6,355
Farquharson scholarships .....	14,656	710	6,300	9,066	- 5,590	- 5,344
	456,260	6,027,955	5,749,537	734,678	278,418	79,741
Science and Technology—						
Natural Sciences and Engineering Research Council—Donation trust fund ..	32,620	30,000	21,428	41,192	8,572	1,570
Trust fund .....	295,052	622,957	468,501	449,508	154,456	186,291
Science Council of Canada—						
Claudia de Hueck trust fund .....	345,885	28,084		373,969	28,084	345,885
	673,557	681,041	489,929	864,669	191,112	533,746
Solicitor General—						
Canadian Security Intelligence Service—						
Sir William Stephenson academy—						
Meritorious graduate awards .....	11,557	887		12,444	887	11,557
Scholastic awards .....	15,840	1,204	750	16,294	454	15,840
Correctional Service—						
Inmates' trust fund .....	4,593,923	16,139,030	16,174,489	4,558,464	- 35,459	- 670,893
Royal Canadian Mounted Police—						
Benefit fund .....	2,013,063	186,623	81,056	2,118,630	105,567	77,881
	6,634,383	16,327,744	16,256,295	6,705,832	71,449	- 565,615
Supply and Services—						
Petro-Canada Enterprises Inc.—Shares .....	1,781,917	144,228	445,299	1,480,846	- 301,071	- 2,775,234
Transport—						
Canadian National (West Indies) Steamships Ltd .....	95,000			95,000		
Unclaimed moneys due to Canadian seamen .....	3,373			3,373		
	98,373			98,373		
Veterans Affairs—						
Administered trust accounts .....	31,878,436	7,160,123	16,470,311	22,568,248	- 9,310,188	- 9,780,135
Less: securities held in trust .....	15,000	15,000			- 15,000	- 15,000
	31,863,436	7,175,123	16,470,311	22,568,248	- 9,295,188	- 9,765,135
Army benevolent fund .....	964,636	500,043	614,019	850,660	- 113,976	- 95,682
Canadian Forces personnel assistance fund .....	4,888		4,888		- 4,888	352
Estates fund .....	1,312,651	2,209,069	2,385,571	1,136,149	- 176,502	- 299,247
Ste-Anne's Hospital .....	1,884,176	1,935,174	1,411,522	2,407,828	523,652	459,814
Soldier Settlement and Veterans' Land Act—						
Veterans' Land Act trust account general fund .....	561,802			561,802		- 220,391
Veterans administration and welfare trust fund .....	949,316	1,442,322	1,329,636	1,062,002	112,686	59,333
Less: securities held in trust .....	347,312	71,076	62,654	338,890	- 8,422	4,673
	602,004	1,513,398	1,392,290	723,112	121,108	54,660
Veterans care trust accounts .....	14,037,020	7,190,729	8,433,033	12,794,716	- 1,242,304	3,088,424
Less: securities held in trust .....	2,595	17,500	15,000	95	- 2,500	- 1,005
	14,034,425	7,208,229	8,448,033	12,794,621	- 1,239,804	3,089,429
	51,228,018	20,541,036	30,726,634	41,042,420	- 10,185,398	- 6,776,200
Total trust accounts .....	946,989,610	294,339,501	287,565,979	953,763,132	6,773,522	- 48,980,381
Total deposit and trust accounts .....	1,840,418,849	10,384,714,339	10,429,089,414	1,796,043,774	- 44,375,075	13,930,459



### **Canadian Dairy Commission account**

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule C of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established by Section 15 of the Canadian Dairy Commission Act, to record the Government's liability to the Commission.

### **Guarantee deposits—Canada Agricultural Products Standards Act**

This account was established to record bonds deposited as guarantees required by the Canada Agricultural Products Standards Act and the Licensing and Arbitration Regulations.

### **Canadian Film Development Corporation advance account**

This account was established by Section 15 of the Financial Administration Act, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

### **Canada Post Corporation account**

The Canada Post Corporation is a Crown corporation listed in Part I of Schedule C of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established to record the Government's liability to the Corporation.

### **Security deposits—Bankruptcy Act**

This account represents liabilities to authorized trustees under Sections 5, 9 and 13 of the Bankruptcy Act, for securities held in trust. The account is credited with securities deposited by trustees, and is charged with securities returned to them.

### **Immigration guarantee fund**

This account was established by Sections 18, 23, 93 and 104 of the Immigration Act, 1976, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

### **Guarantee deposits—Oil and gas**

This account records securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with Section 74 of the Canada Petroleum Resources Act. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

### **Guarantee deposits—Environment**

This account was established by Section 15 of the Financial Administration Act, to record amounts deposited to ensure compliance with terms and conditions of contracts.

### **Fairs and missions**

This account was established by Section 15 of the Financial Administration Act, to record deposits which may be refund-

ed, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

### **Canadair Limited—Canada Development Investment Corporation**

This account was established pursuant to Section 136(1) of the Financial Administration Act. This special purpose money is to be used to meet costs incurred on the sale of Canadair and demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

### **The de Havilland Aircraft of Canada, Limited—Canada Development Investment Corporation**

This account was established pursuant to Section 136(1) of the Financial Administration Act. This special purpose money is to be used to satisfy demands for payment by the Boeing Company pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of The de Havilland Aircraft of Canada, Limited.

### **Crown corporations' surplus moneys**

These accounts were established pursuant to Section 136(1) of the Financial Administration Act, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council. The deposit from the Canadian Commercial Corporation was non-interest bearing.

### **Field British Columbia and Yukon Operations of the Northern Canada Power Commission**

This account was established by Section 15 of the Financial Administration Act, to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

### **Guarantee deposits—Indian Affairs and Northern Development**

Pursuant to Section 8 of the Arctic Waters Pollution Prevention Act, Section 26 of the Northern Inland Waters Act and Sections 8 and 14 of the Territorial Lands Act, this account records cash and securities deposited as guarantees for oil, mineral and timber rights and licences. Interest is not allowed on cash deposits.

### **Guarantee deposits—Reserve resources**

This account was established by Section 15 of the Financial Administration Act, to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, pursuant to the provisions of Section 57 of the Indian Act.

**Guarantee deposits—Rotating herds**

This account was established by Section 15 of the Financial Administration Act, to record guarantee deposits given by Indians who sign herd agreements under the rotating herd program.

**Indian contributions to the subsidy housing program**

This account was established by Section 15 of the Financial Administration Act, to record amounts deposited by Indians, to ensure compliance with terms and conditions of the subsidy housing program.

**Indian savings accounts**

Pursuant to Section 52 of the Indian Act, savings accounts are maintained for individual Indians.

During the year, interest was credited to the accounts and charged to interest on public debt.

**Security for costs**

This account records security to the value of \$500 deposited with the Registrar of the Supreme Court of Canada in accordance with Section 66(1)(b) of the Supreme Court Act. As per Section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

**Guarantee deposits—Customs and Excise**

Pursuant to Section 166 of the Customs Act, cash and securities are collected to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees.

**Temporary deposits received from importers**

This account was established by Section 15 of the Financial Administration Act, to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

**Candidates' election deposits**

This account records candidates' election deposits, received in respect of general elections and by-elections, less amounts refunded to candidates, or transferred to non-tax revenue, pursuant to the provisions of the Canada Elections Act.

During the year, \$1,000 was transferred to non-tax revenue.

**Harbourfront capital account**

This account was established by Section 15 of the Financial Administration Act, to record funds received from and held for Harbourfront Corporation regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

During the year, interest was credited to the account and charged to interest on public debt.

**Fairs, shows and consortiums**

This account was established by Sections 14 and 15 of the Financial Administration Act, to record moneys deposited by

companies to cover various expenses incurred at fairs, shows and consortiums. Moneys are disbursed on behalf of depositors.

**Contractors' security deposits**

This account was established by Section 14 of the Financial Administration Act, to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

The debit balance in the account for bonds results from adjustments which have been made in the new year rather than the current year.

**Royal Canadian Mint account**

The Royal Canadian Mint is a Crown corporation listed in Part II of Schedule C of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established to record the Government's liability to the Mint.

**Bids deposit account**

This account was established by Section 15 of the Financial Administration Act, to record bids received from interested parties for the purchase of the Government's interests in various Crown corporations.

Interest is calculated on these funds subject to the provisions of PC 1970-300 dated February 17, 1970. This interest is paid at the time the original bids are returned to the depositors and charged to interest on public debt.

During the year, all bids have been repaid.

**Canagrex trust fund**

This account was established by Section 15 of the Financial Administration Act, pursuant to legal requirements arising from the winding-up of the Corporation.

**Mackenzie King trust account**

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of Section 3 of the Laurier House Act, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research. Expenditures are to be made by the National Archivist, subject to the approval of the Governor in Council.

During the year, interest of \$22,230 was credited hereto. In accordance with the Act, the National Archivist is authorized to expend an annual sum not to exceed 70% of the interest earned in the previous year for the maintenance and upkeep of the buildings on the Laurier House property, as well as an annual sum not to exceed 30% of the interest earned for the maintenance of the Laurier House as a museum and study

centre, and for the provision of sundry purchases therefrom, and the unspent balance of the interest earned be credited at the end of the year to non-tax revenue.

**Special operating account—National Library**

This account was established by Section 12 of the National Library Act, to record moneys received for the purpose of the National Library, by way of donation, bequest or otherwise. Amounts required for the purposes of the National Library Act may be paid out of this account, or out of money appropriated by Parliament for such purposes.

**Trust account—National Museums of Canada**

This account was established by Section 10 of National Museums Act, and is credited with moneys received by the Corporation, by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, and an amount representing interest on the balance from time to time to the credit of the account. The account is to be charged with such amounts as are authorized by the Board of Trustees of the Corporation to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with this account amount to \$2,000 consisting of two Government of Canada marketable bonds bequeathed by the late J Dazell McKee and the late Hugh de T Glazebrook.

During the year, interest was credited to the account and charged to interest on public debt.

**Income from securities in trust—Bankruptcy Act**

This account was established by Sections 56, 62, 125 and 164 of the Bankruptcy Act, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are now forwarded to the Superintendent of Bankruptcy for safekeeping.

**Securities in trust—Bankruptcy Act**

This account was established by Section 47 of the Bankruptcy Act, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

**Unclaimed dividends and undistributed assets—Bankruptcy Act**

This account represents amounts credited to the Receiver General in accordance with the provisions of Section 125 of the Bankruptcy Act, pending distribution to creditors.

**Unclaimed dividends and undistributed assets—Canada Business Corporations Act**

This account was established in accordance with Sections 220 and 221 of the Canada Business Corporations Act, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

**Unclaimed dividends and undistributed assets—Winding-up Act**

This account records amounts credited to the Receiver General, in accordance with Sections 139 and 140 of the Winding-up Act, pending distribution.

**Marconi celebration trust fund**

This account was established by Section 15 of the Financial Administration Act, for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

**Devonian Foundation deposit account**

This account was established by Section 15 of the Financial Administration Act, for the purpose of accepting donations to design and construct a new trailhead facility within the Wood Bison area of Elk Island National Park.

**Trust fund—National Battlefields Commission**

This account was established by Section 15 of the Financial Administration Act, at the creation of the National Battlefields Commission, for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, contributions from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the Financial Administration Act, prior to September 1, 1984.

During the year, interest was credited to the account and charged to interest on public debt.

**Canada Foundation account**

This account was established by Vote 6g, Appropriation Act No 2, 1967, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

The account is maintained in Italian lira in the Banco di Roma, Italy, and all transactions recorded in foreign currencies during the year are converted at the rate of exchange prevailing at the close of the year (1987-88, 1 Lira/\$0.001005 Cdn; 1986-87, 1 Lira/\$0.001018 Cdn).

During the year, income derived from the operation of the account amounted to Lira 67,026,666—\$67,883 Cdn, and disbursements for cultural activities and administrative expenses were Lira 50,635,725—\$51,136 Cdn. Adjustment of the book value carried forward from the previous year resulted in valuation increases of \$6,529 to securities held in trust, and \$37,811 to cash on deposit. The closing balance consists of securities at cost and cash on deposit.



**International agencies—Travel account**

This account was established by Section 15 of the Financial Administration Act, to record funds made available by international agencies, to provide for payment of transportation of fellows and scholars who travel in Canada, under the sponsorship of such agencies.

**Common school funds—Ontario and Quebec**

This account was established under 12 Victoria 1849, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid semi-annually to these provinces, at the rate of 5% per annum, and is charged to interest on public debt.

**Foreign claims fund**

This account was established by Vote 22a, Appropriation Act No 9, 1966, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

During the year, interest was credited to the account and charged to interest on public debt.

**Halifax 1917 explosion pension account**

This account was established by Sections 4, 5 and 6 of the Halifax Relief Commission Pension Continuation Act, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

During the year, interest was credited to the account and charged to interest on public debt.

**War claims fund—World War II**

This account was established by Vote 696, Appropriation Act No 4, 1952, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50% of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

During the year, surplus moneys in the amount of \$11,007,737 were transferred to non-tax revenue.

**Great Lakes Fishery Commission—Lamprey research and control**

This account was created by Article III of the Great Lakes Fisheries Convention Act, to record funds received from the Great Lakes Fishery Commission, covering control and

research work in respect to lampreys in the Great Lakes, carried out on behalf of the Commission, on a contract basis.

**Indian agencies revenue trust bank accounts**

This account was established by Section 14 of the Financial Administration Act, to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

The debit balance in this account will be cleared in 1988-89.

**Indian band funds**

The Indian band funds were established by Sections 61 to 69 of the Indian Act and represent moneys belonging to Indian bands throughout Canada.

During the year, interest was credited to the account and charged to interest on public debt.

**TABLE 8.12****INDIAN BAND FUNDS—CAPITAL ACCOUNTS**

	1987-88	1986-87
	\$	\$
Opening balance .....	746,354,908	777,745,832
RECEIPTS AND OTHER CREDITS—		
Oil royalties .....	52,769,072	62,726,903
Gas royalties .....	46,181,083	55,111,049
British Columbia agreement .....	345,621	560,631
Land and other claim settlements .....	19,012	4,230,000
Sundries .....	4,954,547	7,963,214
	104,269,335	130,591,797
	850,624,243	908,337,629
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution .....	36,088,647	59,021,689
Transfers pursuant to Section 64 of the Indian Act .....	73,548,421	101,090,048
Sundries .....	2,929,268	1,870,984
	112,566,336	161,982,721
Closing balance .....	738,057,907	746,354,908

**TABLE 8.13****INDIAN BAND FUNDS—REVENUE ACCOUNTS**

	1987-88	1986-87
	\$	\$
Opening balance .....	81,793,134	89,247,309
RECEIPTS AND OTHER CREDITS—		
Government interest .....	80,765,255	74,575,544
Land and other claim settlements .....	828,154	3,189,883
Sundries .....	21,971,533	14,087,013
	103,564,942	91,852,440
	185,358,076	181,099,749
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution .....	5,554,367	13,442,677
Transfers pursuant to Section 69 of the Indian Act .....	58,587,717	80,667,056
Sundries .....	11,315,035	5,196,882
	75,457,119	99,306,615
Closing balance .....	109,900,957	81,793,134



### Indian band funds—Shares and certificates

This account was established by Section 61 of the Indian Act, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General of Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

### Indian compensation funds

Pursuant to Sections 35 and 61 of the Indian Act, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

### Indian estate accounts

These accounts were established by Sections 42, 43, 51 and 61 of the Indian Act, to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians.

During the year, interest was credited to the accounts and charged to interest on public debt.

### Indian moneys suspense account

This account was established by Section 15 of the Financial Administration Act, to record moneys held for individuals and bands, received from rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases and permits, etc, pending proper documentation.

### Indian special accounts

Pursuant to Section 52 of the Indian Act and Section 15 of the Financial Administration Act, these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) *Absent or missing heirs*—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.
- (b) *Abitibi fur preserve*—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc.
- (c) *Abitibi fishery*—This account records charges for the operation of the Abitibi sturgeon fish catching project.
- (d) *Indian off-reserve housing*—This account records personal contributions held in trust until paid to the vendor, the builder or legal representative.

### 1924 Ontario lands agreement

This account was established by Section 15 of the Financial Administration Act, to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in

accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the passage of federal and provincial legislation to enact a new Indian Lands Agreement for Ontario.

### Federal Court special account

Pursuant to Section 15 of the Financial Administration Act, the Court maintains trust accounts on behalf of litigant before the Court. Those accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

During the year, interest was credited to the account and charged to interest on public debt.

### Fair wages suspense account

This account is operated under the authority of Section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

### Labour Standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, Section 65, and the Canada Labour Standards, Regulation 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Labour who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees.

### Estates—Armed services

Pursuant to Section 39 of the National Defence Act, this account is credited with the service estates of deceased members of the Canadian Forces. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

### Herbert Lott naval trust fund

This account was established by Section 15 of the Financial Administration Act, to record the Canadian naval portion of

the Herbert Lott naval trust fund, which is administered by the British Admiralty. These funds are allocated to active or reserve force units which show marked efficiency in fighting practices, or contribute in signal degree to the improvement of the fighting appliances of naval or maritime forces.

#### **Canadian Sports Pool Corporation—Other outstanding liabilities**

This account was established by Section 15 of the Financial Administration Act, to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are used to pay any liabilities of the Corporation.

#### **Donation—Construction of Olympic Complex**

This account was established by Section 15 of the Financial Administration Act, to record transactions relating to a donation for the construction of an Olympic Complex at Canada Olympic Park in Calgary.

#### **Inuvik General Hospital**

This account was established by Section 15 of the Financial Administration Act, to record transactions relating to a donation by the Lions Club for the purchase of items for Ward 300 at the Inuvik General Hospital.

#### **Post-occupancy evaluation methodology**

This account was established by Section 15 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a cost-sharing agreement with provinces (except Quebec) and territories for a project entitled "Development of a post-occupancy evaluation methodology for hospitals".

#### **Review of liability and compensation issues in health care**

This account was established by Section 15 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under a cost-shared arrangement for a review of liability and compensation issues in health care.

#### **Sioux Lookout Zone Hospital**

This account was established by Section 15 of the Financial Administration Act, to record transactions relating to a donation made by the Hospital for Sick Children Foundation, to be used to finance a paediatric play program and volunteer service at Sioux Lookout Zone Hospital.

#### **Ted Harrison poster fund**

This account was established by Section 15 of the Financial Administration Act, to accumulate money received from the sale of posters donated to the Whitehorse General Hospital in Whitehorse, Yukon Territory by local artist Ted Harrison. The proceeds from the sales will be used to purchase special equipment for the hospital.

#### **Donations for research**

This account was established by Section 15 of the Financial Administration Act, as a result of the Government's "Matching Grants" policy and records contributions received from organizations and individuals for biomedical research.

During the year, interest was credited to the account and charged to interest on public debt.

#### **Dyskinesia and torticollis research**

This account was established by Section 15 of the Medical Research Council Act, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

During the year, interest was credited to the account and charged to interest on public debt.

#### **Farquharson scholarships**

This fund was established by Section 15 of the Medical Research Council Act, to record an award received from the St Boniface General Hospital Research Foundation. The fund will provide research scholarships to undergraduate medical students and graduate high school students.

During the year, interest was credited to the account and charged to interest on public debt.

#### **Donation trust fund**

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976, to record moneys, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such moneys, securities or other property, subject to the terms upon which such moneys are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

#### **Trust fund—Natural Sciences and Engineering Research Council**

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976, to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record this agency's liability to other organizations.

During the year, interest was credited to the account and charged to interest on public debt.

#### **Claudia de Hueck trust fund**

This account was established by Section 15 of the Science Council of Canada Act, to record a bequest made by Mrs Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

During the year, interest was credited to the account and charged to interest on public debt.

**Sir William Stephenson academy—Meritorious graduate awards**

This account was established by Section 15 of the Financial Administration Act, to record a donation of \$11,000 to be used for the presentation of meritorious awards to employees attending the Academy.

During the year, interest was credited to the account and charged to interest on public debt.

**Sir William Stephenson academy—Scholastic awards**

This account was established by Section 15 of the Financial Administration Act, to record a donation of \$15,000 to be used for the presentation of scholastic awards to employees attending the Academy.

During the year, interest was credited to the account and charged to interest on public debt.

**Inmates' trust fund**

Pursuant to Section 32 of the Penitentiary Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

During the year, interest was credited to the account and charged to interest on public debt.

**Benefit fund**

Pursuant to Section 23 of the Royal Canadian Mounted Police Act, this account records moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

During the year, interest was credited to the account and charged to interest on public debt.

**Petro-Canada Enterprises Inc—Shares**

This account was established by Section 15 of the Financial Administration Act, to record the liability to shareholders who have not presented their shares for payment. The closing balance represents 12,326 shares of Petro-Canada Enterprises Inc at \$120.14 per share.

**Canadian National (West Indies) Steamships Ltd**

This account was established pursuant to Section 136 of the Financial Administration Act, to record a deposit by the Canadian National (West Indies) Steamships Ltd, covering a transfer of funds to be held pending the wind-up of the Corporation.

During 1985-86, the Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

**Unclaimed moneys due to Canadian seamen**

Pursuant to Sections 222 and 223 of the Canada Shipping Act, unpaid wages of deceased members of ships' crews, as well as any amount of cash on their person at time of death, are credited to this account pending direction as to payees.

**Administered trust accounts**

Pursuant to Section 31 of the Pension Act and Section 15 of the War Veterans Allowance Act, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department of Veterans Affairs. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances and assistance fund payments placed under the administration of the Department; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated the inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

**Army benevolent fund**

Pursuant to Section 3 of the Army Benevolent Fund Act, this account is credited with certain canteen profits and other funds and, semi-annually, with interest at the rate of 12.62% per annum from June 29, 1985 to June 28, 1990, on the minimum monthly balances to the credit of the fund.

Payments are made out of the fund to or for the benefit of veterans or their dependants or the widows, children or other dependants of deceased veterans.

During the year, interest was credited to the account and charged to interest on public debt.

**Canadian Forces personnel assistance fund**

Pursuant to Section 14 of the Army Benevolent Fund Act and Section 38 of the National Defence Act, this fund was established to provide financial assistance to serving or former members of the Canadian Forces, who enlisted on or after February 1, 1968, and to their dependants, when warranted by distress or other qualifying circumstances.

**Estates fund**

Pursuant to Sections 5, 6 and 7 of the Veterans Estates Regulations, this account is credited with the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care. Individual accounts are maintained and payments are made to beneficiaries.

During the year, interest was credited to the account and charged to interest on public debt.

**Ste-Anne's Hospital**

Pursuant to Section 9 of the Guardianship of Veterans Property Regulations, this account records moneys deposited for safekeeping by patients in the veterans' hospital in Ste-Anne-de-Bellevue, Quebec.



During the year, interest was credited to the account and charged to interest on public debt.

#### **Veterans' Land Act trust account general**

Pursuant to Sections 11, 13, 20 and 73 of the Veterans Land Act, receipts and other credits to this account consist mainly of initial and excess payments by veterans and civilian purchasers, as provided under the Act, which are held pending approval of sales. Other items included are veterans' sales proceeds held pending redispbursement on their present or second establishment, insurance fire loss proceeds to pay for restoration of fire damage, and moneys sent in by veterans and civilian purchasers, to be held for payment of taxes and insurance, and other related items.

#### **Veterans administration and welfare trust fund**

Pursuant to Section 9 of the Guardianship of Veterans Property Regulations, moneys held in this account include: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependants under certain conditions, and for the benefit of patients in institutions; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependants in distressed circumstances.

During the year, interest was credited to the account and charged to interest on public debt.

#### **Veterans care trust accounts**

Pursuant to Section 6 of the Department of Veterans Affairs Act, if the Minister of Veterans Affairs so directs, a client receiving adult residential care service or nursing home intermediate care service assigns or pays any or all of his income and resources, to be administered in the manner prescribed. Moneys held in these individual accounts may include: (a) war service gratuities held for mental, tubercular and other long-term treatment cases; (b) pensions paid by the Canadian

Pension Commission; (c) war veterans and civilian war allowances; and, (d) income from other sources such as Old Age Security, Guaranteed Income Supplement and retirement pensions. The moneys are used to pay the charges for board and lodgings, and to provide clothing, comforts and other necessities.

### **Provincial Tax Collection Agreements Account**

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the Federal-Provincial Fiscal Arrangements Act, and related payments made to them.

Under the Federal-Provincial Fiscal Arrangements Act, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (Quebec excepted), to collect individual income tax, and, with provinces and territories (Ontario and Quebec excepted), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenue to be produced by the respective provincial and territorial taxes.

At the beginning of each year, the Minister of Finance estimates the amount of the payments, for the taxation year ending in that year, to provinces and territories that have entered into agreements. These estimates are adjusted to actual amounts at a later date. Adjustments are to be made not later than March 31 of the year following that in which the taxation year ends.



Table 8.14 presents a summary of the balances and transactions in the provincial tax collection agreements account.

TABLE 8.14

## PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1987	Receipts and other credits	Payments and other charges	Net increase or decrease ( - )		
				March 31/1988	1988	1987
	\$	\$	\$	\$	\$	\$
Corporation income taxes collected by National Revenue—						
Taxation .....	12,961,072,594	1,241,772,721	85,018,589	14,117,826,726	1,156,754,132	703,438,790
Less: payments to provinces and territories—						
Newfoundland .....	572,909,003		72,628,926	645,537,929	72,628,926	65,397,748
Prince Edward Island .....	86,245,180		17,748,801	103,993,981	17,748,801	10,065,975
Nova Scotia .....	856,996,579		116,601,065	973,597,644	116,601,065	82,426,449
New Brunswick .....	719,448,946		76,475,665	795,924,611	76,475,665	66,758,904
Manitoba .....	1,665,766,234		171,441,034	1,837,207,268	171,441,034	124,376,706
Saskatchewan .....	1,444,165,571		123,725,999	1,567,891,570	123,725,999	118,800,802
Alberta .....	2,533,021,787		2,486,657	2,535,508,444	2,486,657	- 10,884,102
British Columbia .....	4,944,774,194		473,407,007	5,418,181,201	473,407,007	280,646,755
Yukon Territory .....	14,009,697		3,269,299	17,278,996	3,269,299	2,254,673
Northwest Territories .....	88,417,669		16,603,202	105,020,871	16,603,202	19,759,844
Total payments .....	12,925,754,860		1,074,387,655	14,000,142,515	1,074,387,655	759,603,754
Collections of corporation income tax on hand .....	35,317,734	1,241,772,721	1,159,406,244	117,684,211	82,366,477	- 56,164,964
Personal income taxes collected by National Revenue—						
Taxation .....	123,204,861,524	19,216,367,313	10,932,300	142,410,296,537	19,205,435,013	15,468,454,741
Less: payments to provinces and territories—						
Newfoundland .....	2,588,229,189		336,275,784	2,924,504,973	336,275,784	283,258,774
Prince Edward Island .....	492,663,474		77,909,278	570,572,752	77,909,278	61,056,725
Nova Scotia .....	4,823,115,078		693,379,623	5,516,494,701	693,379,623	604,537,233
New Brunswick .....	3,589,199,778		513,071,951	4,102,271,729	513,071,951	416,201,971
Ontario .....	63,203,422,076		9,859,134,894	73,062,556,970	9,859,134,894	8,617,857,426
Manitoba .....	5,826,456,237		903,570,691	6,730,026,928	903,570,691	667,426,199
Saskatchewan .....	6,168,278,906		782,291,176	6,950,570,082	782,291,176	701,816,984
Alberta .....	14,545,643,324		2,219,720,117	16,765,363,441	2,219,720,117	1,699,672,458
British Columbia .....	20,186,868,406		2,789,965,422	22,976,833,828	2,789,965,422	2,248,096,282
Yukon Territory .....	116,059,438		22,685,874	138,745,312	22,685,874	16,718,753
Northwest Territories .....	253,561,936		39,553,298	293,115,234	39,553,298	38,528,224
Total payments .....	121,793,497,842		18,237,558,108	140,031,055,950	18,237,558,108	15,355,171,029
Collections of personal income tax on hand .....	1,411,363,682	19,216,367,313	18,248,490,408	2,379,240,587	967,876,905	113,283,712
Total .....	1,446,681,416	20,458,140,034	19,407,896,652	2,496,924,798	1,050,243,382	57,118,748

## Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts.

Table 8.15 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 8.15

### OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
					\$	\$
Insurance and death benefit accounts—						
Energy, Mines and Resources—						
Atomic Energy Control Board—						
Nuclear liability reinsurance account.....	529,742	1,400		531,142	1,400	- 100
Finance—						
Investors' indemnity fund .....	24,727		893	23,834	- 893	
Office of the Superintendent of Financial Institutions—						
Civil service insurance fund .....	12,299,318	438,097	740,384	11,997,031	- 302,287	- 3,107,544
	12,324,045	438,097	741,277	12,020,865	- 303,180	- 3,107,544
Fisheries and Oceans—						
Fishing Vessel Insurance Plan.....	10,931,735	12,861,809	5,851,057	17,942,487	7,010,752	4,463,749
Indian Affairs and Northern Development—						
Land assurance fund .....	987,234	94,196	106	1,081,324	94,090	232,806
National Defence—						
Regular forces death benefit account, Table 8.16 .....	74,962,206	18,500,381	8,225,895	85,236,692	10,274,486	8,908,428
National Health and Welfare—						
Health insurance supplementary account .....	28,387			28,387		
Transport—						
Maritime pollution claims fund .....	124,562,427	11,924,282	325,744	136,160,965	11,598,538	10,304,234
Treasury Board—						
Public Service death benefit account, Table 8.17 .....	377,802,561	103,658,696	33,511,065	447,950,192	70,147,631	62,340,533
Veterans Affairs—						
Returned soldiers' insurance fund.....	1,016,708	9,973	169,749	856,932	- 159,776	- 219,286
Veterans' insurance fund .....	22,868,431	734,100	1,464,296	22,138,235	- 730,196	- 716,358
	23,885,139	744,073	1,634,045	22,995,167	- 889,972	- 935,644
Total insurance and death benefit accounts .....	626,013,476	148,222,934	50,289,189	723,947,221	97,933,745	82,206,462
Pension accounts—						
Employment and Immigration—						
Annuities agents' pension account .....	34,970	9,173	14,542	29,601	- 5,369	- 6,032
Parliament—						
Members of Parliament retiring allowances account, Table 8.18 .....	26,566,825	6,652,400	4,439,841	28,779,384	2,212,559	2,387,818
Solicitor General—						
Royal Canadian Mounted Police—Dependants' pension fund .....	15,752,958	1,749,175	721,512	16,780,621	1,027,663	1,083,895
Treasury Board—						
Locally-engaged contributory pension account ..	4,285,382	467,344	2,690,205	2,062,521	- 2,222,861	- 2,308,201
Less: unamortized portion of actuarial deficien- cy .....	2,380,381	2,380,381			- 2,380,381	- 2,566,219
	1,905,001	2,847,725	2,690,205	2,062,521	157,520	258,018
	5,303			5,303		
Retirement fund .....	1,910,304	2,847,725	2,690,205	2,067,824	157,520	258,018
Total pension accounts .....	44,265,057	11,258,473	7,866,100	47,657,430	3,392,373	3,723,699

TABLE 8.15

## OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
	\$	\$	\$	\$	1988	1987
Other accounts—						
Agriculture—						
Fees paid in advance—Importation of foreign cattle .....	277,740	248,262	217,684	308,318	30,578	1,306
Importation of Dutch bulbs .....	2,772	3,500	4,313	1,959	- 813	2,227
Miscellaneous projects deposits .....	33,647	929,270	789,414	173,503	139,856	30,834
National forestry awareness campaign .....		1,427,741	692,256	735,485	735,485	
Saskatchewan—Water treatment plant renovations .....	84,920	3,354,812	3,729,346	- 289,614	- 374,534	84,920
	399,079	5,963,585	5,433,013	929,651	530,572	119,287
Communications—						
Canadian Radio-television and Telecommunications Commission—						
Federal/Provincial study on long distance calls .....		108,653	108,653			
National Archives of Canada account .....		159,042		159,042	159,042	
		267,695	108,653	159,042	159,042	
Consumer and Corporate Affairs—						
Deposit account .....	148,191	914,466	902,577	160,080	11,889	5,720
Employment and Immigration—						
Canadian jobs strategy program .....	690,570	525,000	689,347	526,223	- 164,347	- 1,105,279
Summer employment—Experience development program .....	74,441	1,783,000	1,852,492	4,949	- 69,492	28,226
Territorial subsidiary agreement on human resource development .....			2	- 2	- 2	33,968
Work orientation workshops program .....	8,399	122,500	108,324	22,575	14,176	7,202
	773,410	2,430,500	2,650,165	553,745	- 219,665	- 1,035,883
Energy, Mines and Resources—						
Market development incentive payments—						
Alberta .....	29,819,160	456,263	890,836	29,384,587	- 434,573	1,579,589
Miscellaneous projects deposits .....		105,022	95,949	9,073	9,073	- 9,525
NYSEDA—Methanol diesel technology R&D .....		141,064	137,676	3,388	3,388	
	29,819,160	702,349	1,124,461	29,397,048	- 422,112	1,570,064
Environment—						
Miscellaneous projects deposits .....	1,054,395	4,081,964	3,103,767	2,032,592	978,197	636,058
External Affairs—						
Commonwealth Heads of Government Meeting account .....		10,000	10,000			
Cost recoverable technical assistance program ..	189,546	723,126	585,502	327,170	137,624	- 705,927
Francophone Summit account .....		210,025	210,025			
Canadian International Development Agency—						
Guarantee deposits .....	34,600	185,869	76,698	143,771	109,171	
	224,146	1,129,020	882,225	470,941	246,795	- 705,927
Fisheries and Oceans—						
Miscellaneous projects deposits .....	89,913	931,383	751,828	269,468	179,555	- 21,527
Indian Affairs and Northern Development—						
Fines—Indian Act .....	499,795	100,092		599,887	100,092	74,279
Justice—						
Federal Court—Advance payments .....	8,750	1,000	9,750		- 8,750	3,750
National Defence—						
Foreign governments—						
United Kingdom—						
British Army—Suffield, Alberta .....	9,990,838	27,105,522	33,598,886	3,497,474	- 6,493,364	206,466
Other activities .....	4,584,010	11,897,162	13,985,303	2,495,869	- 2,088,141	4,582,743
United States of America .....	4,960,326	7,251,413	10,206,922	2,004,817	- 2,955,509	3,873,026
Federal Republic of Germany—						
German Army—Shilo, Manitoba .....	- 159,614	16,465,990	8,610,413	7,695,963	7,855,577	- 4,563,885
Other activities .....	219,514	27,751,576	20,800,367	7,170,723	6,951,209	- 565,923
Netherlands .....	9,350,000	5,828,242	14,261,252	916,990	- 8,433,010	9,350,000
North Atlantic Treaty Organization (NATO)—						
Infrastructure projects .....	8,455,464	2,003,858	6,312,067	4,147,255	- 4,308,209	6,989,465
Other projects .....	100,824		100,824		- 100,824	
Non-government agencies .....	1,624,853	1,592,595	2,027,412	1,190,036	- 434,817	- 271,160
	39,126,215	99,896,358	109,903,446	29,119,127	- 10,007,088	19,600,732

TABLE 8.15

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (–)	
	\$	\$	\$	\$	1988	1987
National Health and Welfare—						
Computerized space programming methodology .....		49,275	47,214	2,061	2,061	– 1,007
Safety evaluation of chemicals .....	6,308			6,308		6,308
World Health Organization .....	121,766	62,938	34,504	150,200	28,434	– 3,394
	128,074	112,213	81,718	158,569	30,495	1,907
Public Works—						
Shared-cost projects .....	90,107		8,665	81,442	– 8,665	28,600
Science and Technology—						
National Research Council— Trust fund .....	268,698	260,279	178,106	350,871	82,173	205,111
Special fund .....	5,020,000	19,975,978	20,695,978	4,300,000	– 720,000	– 4,980,000
	5,288,698	20,236,257	20,874,084	4,650,871	– 637,827	– 4,774,889
Secretary of State—						
Promotion of official languages .....	10,130	52,071	62,201		– 10,130	– 88,717
Social Sciences and Humanities Research Council—						
Queen's Fellowship Fund .....	289,661	19,521	38,636	270,546	– 19,115	19,676
Trust fund .....	17,671	13,037	25,000	5,708	– 11,963	– 21,554
	317,462	84,629	125,837	276,254	– 41,208	– 90,595
Supply and Services—						
Interest on bonds—Insurance companies .....		43,864,691	46,680,522	– 2,815,831	– 2,815,831	1,855,279
Military purchases excess funds deposit .....	407,936,821	6,050,701,427	6,097,346,233	361,292,015	– 46,644,806	1,399,875
Less: securities held in trust .....	407,936,821	7,249,392,970	7,202,748,164	361,292,015	– 46,644,806	1,399,875
		13,300,094,397	13,300,094,397			
Statistics Canada—						
Advance payments .....	1,318,514	18,510,141	18,298,051	1,530,604	212,090	359,367
	1,318,514	13,362,469,229	13,365,072,970	– 1,285,227	– 2,603,741	2,214,646
Transport—						
Cartierville Airport account .....	4,528,652	314,274	819,264	4,023,662	– 504,990	4,528,652
Provincial sales tax—						
Communications—						
National Archives of Canada .....	956	8,345	7,645	1,656	700	– 234
National Library .....	37	3,539	3,479	97	60	– 188
	993	11,884	11,124	1,753	760	– 422
Energy, Mines and Resources .....	113	117,276	110,520	6,869	6,756	– 7,016
Solicitor General—						
Correctional Service .....	8,565	133,647	129,341	12,871	4,306	431,733
Royal Canadian Mounted Police .....	– 105	27,406	27,359	– 58	47	110
	8,460	161,053	156,700	12,813	4,353	431,843
	9,566	290,213	278,344	21,435	11,869	424,405
Federal sales tax—						
Solicitor General—Correctional Service .....	37,011	207,461	245,698	– 1,226	– 38,237	657,798
Accounts without current transactions .....						– 306,721
Total other accounts .....	83,861,138	13,500,132,688	13,512,376,465	71,617,361	– 12,243,777	22,930,356
Total other specified purpose accounts .....	754,139,671	13,659,614,095	13,570,531,754	843,222,012	89,082,341	108,860,517



**Nuclear liability reinsurance account**

This account was established under Sections 16 and 17 of the Nuclear Liability Act, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

**Investors' indemnity fund**

Section 48 of the Financial Administration Act provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purposes of this Section, and any recovery of losses referred to in Section 49 of the Act.

Section 49 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

**Civil service insurance fund**

This fund was established by the Civil Service Insurance Act, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to Section 51(2) of the Public Service Superannuation Act.

During the year, receipts and other credits consisted of premiums of \$16,836 and, an amount of \$421,261 (charged to budgetary expenditure) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1987. Payments and other charges consisted of death benefits, \$650,829; cash surrender value, \$47,365; annuities, \$42,106; and premium refunds, \$84.

**Fishing Vessel Insurance Plan**

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, Appropriation Act No 5, 1955, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

**Land assurance fund**

This account was established by Sections 158 to 162 of the Land Titles Act, to indemnify title holders who suffer loss through misdescriptions in titles, and from other causes specified in the Land Titles Act. Fees are collected from the parties who register deeds with the Registrar of Land Titles in the Northwest Territories and the Yukon Territory. Interest is added to the fund annually, the present rate being 3% per annum.

**Regular forces death benefit account**

This account was established by the Canadian Forces Superannuation Act, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution (1/6 of benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act); (c) single premiums payable by the Government in respect of regular forces participants who become entitled to a basic benefit of \$500 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

**TABLE 8.16****REGULAR FORCES DEATH BENEFIT ACCOUNT**

	1987-88	1986-87
	\$	\$
Opening balance .....	74,962,206	66,053,778
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions by participants .....	8,218,586	7,759,626
Government's contribution .....	1,370,318	1,374,079
Single premiums payable by the Government in respect of regular forces participants who become entitled to a basic benefit of \$500 without contribution .....	539,090	556,140
Interest .....	8,372,387	7,470,757
	18,500,381	17,160,602
	93,462,587	83,214,380
<b>PAYMENTS AND OTHER CHARGES—</b>		
Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act .....	8,225,895	8,252,174
Closing balance .....	85,236,692	74,962,206

**Health insurance supplementary account**

This account was established by Vote L16b, Appropriation Act No. 2, 1973, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the Canada Health Act, and in accordance with Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population, and are matched by the federal Government.

**Maritime pollution claims fund**

This account was established by Sections 737 and 751 of the Canada Shipping Act, to record levy tonnage payments for oil carried by ships in Canadian waters. The payment of the levy was revoked effective September 1, 1976.

Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the fund.

During the year, interest was credited to the account and charged to interest on public debt.

**Public Service death benefit account**

This account was established under the Public Service Superannuation Act, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act; and, (b) benefits of \$500 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act, and on whose behalf a single premium for \$500 death benefit coverage for life has been made.

**TABLE 8.17****PUBLIC SERVICE DEATH BENEFIT ACCOUNT**

	1987-88	1986-87
	\$	\$
Opening balance.....	377,802,561	315,462,028
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions—		
Employees—		
Government and Public Service corporations .....	51,102,622	49,586,869
Government—		
One-sixth of benefit payments—General .....	5,361,259	5,085,483
Single premium for \$500 .....	1,953,761	1,975,413
Public Service corporations .....	2,169,124	2,151,750
Interest .....	43,071,930	36,342,006
	103,658,696	95,141,521
	481,461,257	410,603,549
<b>PAYMENTS AND OTHER CHARGES—</b>		
Benefit payments—		
General .....	31,974,069	31,322,411
Life coverage of \$500 .....	1,531,174	1,419,077
Other death benefit payments .....	5,822	59,500
	33,511,065	32,800,988
Closing balance.....	447,950,192	377,802,561

**Returned soldiers' insurance fund**

This fund was established by the Returned Soldiers' Insurance Act, to provide life insurance to contributing veterans of

World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1987 of \$10,010 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was August 31, 1933.

**Veterans' insurance fund**

This fund was established by the Veterans' Insurance Act, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1987 of \$538,958 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was October 31, 1968.

**Annuities agents' pension account**

This account was established by Vote 181, Appropriation Act No 1, 1961, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

During the year, interest was credited to the account and charged to interest on public debt.

**Members of Parliament retiring allowances account**

This account was established by the Members of Parliament Retiring Allowances Act, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a member of the Senate or House of Commons. Benefits are also available to widows and dependent children of members who served on or after April 9, 1963 and contributed under the Act.

Receipts and other credits consist of: (a) contributions reserved from current indemnities, based on the full amount paid; (b) contributions reserved from additional salaries, based on the percentage of contribution elected, up to 10% of the full amount of salary; (c) contributions for previous sessions, where members elect to pay arrears, and interest on arrears; (d) interest and mortality insurance on any unpaid balance, based on Canada Life Tables; (e) contributions by the Government, of an amount equal to contributions paid or which have become payable in the year; (f) interest credited quarterly; and, (g) the repayment of pensions after elections to transfer Members of Parliament retiring allowances to the Public Service Superannuation Account.

Payments and other charges consist of: (a) payments of annual allowances; (b) withdrawal allowances and related interest; (c) refunds of contributions which are in excess of the maximum required; and, (d) transfers of funds to the Public Service Superannuation Account.

TABLE 8.18

## MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	1987-88	1986-87
	\$	\$
Opening balance.....	26,566,825	24,179,007
<b>RECEIPTS AND OTHER CREDITS—</b>		
Members' contributions—		
Current .....	1,883,721	1,906,447
Arrears of principal, interest and mortality insurance .....	155,663	197,788
Government contributions—		
Current .....	1,883,721	1,906,447
Interest .....	2,729,295	2,681,302
	6,652,400	6,691,984
	33,219,225	30,870,991
<b>PAYMENTS AND OTHER CHARGES—</b>		
Annual allowances .....	4,439,841	4,304,166
Closing balance.....	28,779,384	26,566,825

**Dependants' pension fund**

This fund which pertains to Part IV of the Royal Canadian Mounted Police Pension Continuation Act, provides pension benefits to widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5% contribution from the pay of members of the Force, other than commissioned officers.

During the year, interest was credited to the account and charged to interest on public debt.

**Locally-engaged contributory pension account**

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

**Retirement fund**

This fund provides pension benefits to certain eligible Government employees who are not covered by the Public Service Superannuation Account and who contributed to the fund.

Contributions are made to the fund in the form of monthly deductions from the salaries of certain prevailing rate or seasonal and certain other employees. Other credits are interest at the rate of 4% per annum on the balance to the credit of each contributor, the off-setting charge being to interest on public debt. Payments and other charges represent payment of the amounts to the employees' credit upon resignation or death, or, if they become contributors to the Public Service Superannuation Account, transfers to that account.

**Fees paid in advance—Importation of foreign cattle**

This account was established by Section 15 of the Financial Administration Act, to record deposits made in connection with the importation of foreign cattle, pregnancy tests on

cattle, and applications for the registration of feeds, fertilizers and pesticides, which are credited to this account pending assessment of actual costs on completion of the particular services required.

On final accountability and at such time as the services are completed, the deposits are either credited to non-tax revenue, or are returned to the depositor.

**Importation of Dutch bulbs**

This account was established by Section 15 of the Financial Administration Act, to record deposits made in connection with the importation of Dutch bulbs. The inspections are made in Holland before the bulbs are containerized. When the inspections are completed, the actual fees are credited to non-tax revenue, with any excess returned to depositors.

**Miscellaneous projects deposits—Agriculture**

This account was established by Section 15 of the Financial Administration Act, to record contributions received from organizations and individuals for the furtherance of forestry research work.

**National forestry awareness campaign**

This account was established by Section 15 of the Financial Administration Act, to record moneys to be used to make the Canadian public more aware of the economic importance of the forest sector and the impact that the forestry industry has on the overall well-being of Canadians. This activity is funded by pooling a portion of the funds of all federal-provincial forestry agreements. Deposits to this account constitute the province's share of the awareness campaign.

**Saskatchewan—Water treatment plant renovations**

This account was established pursuant to the Saskatchewan—1985, Water Treatment Plant Renovations agreement, to facilitate accountability of the cost of additional work requested by the Province of Saskatchewan.

The debit balance in the account results from funds paid out of the account at year-end that should have been paid from new year funds.

**Federal/Provincial study on long distance calls**

This account was established by Section 15 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of the study, and held pending disbursements.

The study on long distance calls is jointly funded by the federal and provincial governments.

**National Archives of Canada account**

This account was established by Section 10 of the National Archives Act, to record moneys received for the purpose of the National Archives, by way of donation, bequest or otherwise. Amounts received for the purposes of the Act may be paid out



of this account, or out of money appropriated by Parliament for such purposes.

#### **Deposit account—Consumer and Corporate Affairs**

This account was established by Sections 14 and 15 of the Financial Administration Act, to record moneys held in trust to defray the cost of services provided on a regular basis. No interest is credited to the account.

#### **Canadian jobs strategy program**

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account was established by Section 15 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

#### **Summer employment—Experience development program**

The summer employment—Experience development program is jointly funded by the federal and provincial governments.

This account was established by Section 15 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

#### **Territorial subsidiary agreement on human resource development**

The territorial subsidiary agreement on human resource development program is jointly funded by the federal Government and the Government of the Northwest Territories.

This account was established by Section 15 of the Financial Administration Act to record advance payments made by the territorial government against its share of the cost of projects, and held in trust pending disbursements to project sponsors.

The debit balance in this account will be cleared in 1988-89.

#### **Work orientation workshops program**

The work orientation workshops program is jointly funded by the federal and provincial governments.

This account was established by Section 15 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

#### **Market development incentive payments—Alberta**

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in provinces east of Alberta, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to Section 50 of the Petroleum Administration Act. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at

April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Conversion and Natural Gas Fueling Station Programs.

#### **Miscellaneous projects deposits—Energy, Mines and Resources**

Accounts were established by Sections 14 and 15 of the Financial Administration Act, to record prepayments received from outside organizations and individuals for scientific services to be performed on a cost recovery basis. As work progresses, earned income is credited to non-tax revenue.

#### **NYSERDA—Methanol diesel technology R&D**

This account was established by Section 15 of the Financial Administration Act, to administer an advance payment from the New York State Energy Research and Development Authority (NYSERDA) with respect to demonstrating methanol diesel technology in the operation of transit buses. The advance was a condition of an agreement between the department of Energy, Mines and Resources and NYSERDA.

#### **Miscellaneous projects deposits—Environment**

This account was established by Section 15 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

#### **Commonwealth Heads of Government Meeting account**

This account was established by Section 15 of the Financial Administration Act, to record moneys received from the private sector and other public funded organizations. These donated funds were used to help defray the cost of a special event at the Commonwealth Heads of Government Meeting held in Vancouver, BC, October 13 to 18, 1987.

#### **Cost recoverable technical assistance program**

This account was established by Section 15 of the Financial Administration Act, to record prepayments and disbursements in respect of the costs pertaining to the provision of technical assistance to other countries by Canadian firms and institutions pursuant to agreements between the Government of Canada and other national governments.

During the year, interest was credited to the account and charged to interest on public debt.

#### **Francophone Summit account**

This account was established by Section 15 of the Financial Administration Act, to record moneys received from the private sector and other public funded organizations. These donated funds were used to help defray the costs of special events at the Francophone Summit held in Quebec City, September 2 to 4, 1987.

#### **Guarantee deposits—Canadian International Development Agency**

This account was established by Section 22 of the Financial Administration Act, to record cheques for insurance claims related to damages to "in transit" goods being shipped to the country specified in the loan agreement, pending the decision



of the country on the use of these moneys, to reduce the loan balance or to purchase replacement goods.

#### **Miscellaneous projects deposits—Fisheries and Oceans**

This account was established by Section 15 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

#### **Fines—Indian Act**

Fines collected under Sections 95, 97 and 104 of the Indian Act, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

#### **Federal Court—Advance payments**

Pursuant to Section 57 of the Federal Court Act, this account recorded moneys received in advance for fees payable to the Receiver General for Canada.

#### **Foreign governments**

These accounts were established by Section 15 of the Financial Administration Act, to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

#### **North Atlantic Treaty Organization (NATO)**

These accounts were established by Section 15 of the Financial Administration Act, to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

#### **Non-government agencies**

This account was established by Section 15 of the Financial Administration Act, to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

#### **Computerized space programming methodology**

This account was established by Section 15 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a cost-sharing agreement with provinces (except Quebec) and territories to computerize the Hospital Space Programming Methodology series. Contributions are made by provinces to the account in proportion to population.

#### **Safety evaluation of chemicals**

This account was established by Section 15 of the Financial Administration Act, to record funds received and payments made to organizations and individuals providing services on behalf of the Scientific Group on Methodologies for the Safety Evaluation of Chemicals in accordance with the specific purposes identified by the Group.

#### **World Health Organization**

This account was established by Section 15 of the Financial Administration Act, to record the funds received from the World Health Organization, for scientific projects.

#### **Shared-cost projects**

This account was established by Section 15 of the Financial Administration Act, to record the receipt, in advance, of moneys from departments and agencies and others, for their share of certain shared-cost projects.

#### **Trust fund—National Research Council**

This account was established by the National Research Council Act, to record funds received from departments and agencies and public organizations, to cover expenditures made on their behalf.

#### **Special fund—National Research Council**

This account was established by the National Research Council Act, to record revenue received by the National Research Council of Canada in the amount of \$19,975,978, derived from laboratory fees, \$10,757,416; capital, \$400,000; information services, \$3,069,468; sales of publications, \$4,006,556; and, miscellaneous receipts, \$1,742,538. An amount of \$20,695,978 was charged hereto, of which an amount of \$18,804,510 was credited to National Research Council Vote 10, and \$1,891,468 to National Research Council Vote 15, to offset expenditures.

#### **Promotion of official languages**

This account was established by Section 15 of the Financial Administration Act, to provide members of the private sector with language instruction using federal Government facilities and Public Service Commission instructors.

Advance payments from the private sector are credited to the account, and charges by the Public Service Commission for its services are charged thereto.

#### **Queen's Fellowship fund—Social Sciences and Humanities Research Council**

This fund is an endowment of \$250,000 that was established by Vote 45a, Appropriation Act No 5, 1973-74. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

During the year, interest was credited to the account and charged to interest on public debt.

#### **Trust fund—Social Sciences and Humanities Research Council**

This account was established by Section 15 of the Financial Administration Act, to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

During the year, interest was credited to the account and charged to interest on public debt.

**Interest on bonds—Insurance companies**

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the Canadian and British Insurance Companies Act. Debits represent the payment of the same interest to the insurance companies.

The debit balance in the account is the result of timing differences between the deposit of proceeds and payments to insurance companies.

**Military purchases excess funds deposit**

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

**Statistics Canada—Advance payments**

This account was established by Section 15 of the Financial Administration Act, to record advance payments received from departments and agencies and others to finance the cost of special statistical services.

**Cartierville Airport account**

In accordance with Section 15 of the Financial Administration Act, and following the sale of the Cartierville Airport by the Government to Canadair Limited, this special account was established to hold in deposit \$5,000,000 and to record in the same account the interest earned as approved by the Minister of Finance.

Periodically, this account will be debited with payments to Canadair Limited to reimburse them for repairs and improvement expenses incurred at the Cartierville Airport.

**Provincial sales tax—National Archives of Canada**

This account was established pursuant to Part VIII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of microfilm and reproductions.

**Provincial sales tax—National Library**

This account was established pursuant to Part VIII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of microfilm and reproductions.

**Provincial sales tax—Energy, Mines and Resources**

This account was established pursuant to Part VIII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of maps, charts and photographs.

**Provincial sales tax—Correctional Service**

This account was established pursuant to Part VIII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. This Act contains provisions for the collection and remittance of provincial sales tax on sales made by the Correctional Service of Canada.

**Provincial sales tax—Royal Canadian Mounted Police**

This account was established pursuant to Part VIII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977. This Act contains provisions for the collection and remittance of provincial sales tax on sales made by the Royal Canadian Mounted Police.

The debit balance results from prepayments and/or overpayments of sales tax to the provinces of Ontario and New Brunswick. These amounts will be recovered in 1988-89.

**Federal sales tax—Correctional Service**

Pursuant to Section 43 of the Penitentiary Regulations, this account is credited with federal sales tax on sales made by the Correctional Service of Canada, and is charged with remittances to National Revenue, Customs and Excise.

Sales tax liability is recognized at the time of sale and is remitted the following month.

The debit balance in the account indicates an over-remittance of sales tax to be recovered in a subsequent period.

## SUPPLEMENTARY STATEMENTS

## Canada Pension Plan Account and the Canada Pension Plan Investment Fund

## AUDITOR'S REPORT

TO THE MINISTER OF NATIONAL HEALTH AND WELFARE

I have examined the statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund for the year ended March 31, 1988. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the balance and changes of the Account and the Fund for the year ended March 31, 1988 in accordance with the accounting policies set out in Note 2 to the statements applied on a basis consistent with that of the preceding year.

Raymond Dubois, F.C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
August 26, 1988

STATEMENT OF THE CANADA PENSION PLAN  
ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 1988  
(in thousands of dollars)

	1988	1987
<b>Amounts credited</b>		
Contributions—Employees, employers and self-employed .....	5,583,236	4,975,733
Interest (Note 3) .....	3,669,228	3,403,850
	<u>9,252,464</u>	<u>8,379,583</u>
<b>Amounts charged</b>		
<b>Benefits</b>		
Retirement pensions .....	4,808,207	3,773,964
Disability pensions .....	1,109,968	769,452
Survivors' pensions .....	1,076,225	876,151
Death benefits .....	131,606	113,269
Orphans' benefits .....	123,771	116,880
Disabled contributors' child benefits .....	79,444	71,599
	<u>7,329,221</u>	<u>5,721,315</u>
<b>Expenses (Note 4)</b>		
Collection of contributions .....	58,110	59,003
Administration .....	50,187	57,865
Cheque issue and computer services .....	18,907	16,003
Accommodation .....	5,997	5,675
Assignment of social insurance numbers and maintenance of central index .....	1,325	1,406
Actuarial services .....	347	412
	<u>134,873</u>	<u>140,364</u>
	<u>7,464,094</u>	<u>5,861,679</u>
Increase in balance .....	1,788,370	2,517,904
Balance at beginning of year .....	34,232,706	31,714,802
Balance at end of year .....	<u>36,021,076</u>	<u>34,232,706</u>
<b>Represented by:</b>		
Canada Pension Plan Investment Fund .....	33,737,049	32,254,273
Operating balance on deposit with the Receiver General for Canada .....	2,284,027	1,978,433
	<u>36,021,076</u>	<u>34,232,706</u>

Approved on behalf of the Department of National Health and Welfare:

D. MAASLAND  
Assistant Deputy Minister  
Income Security Programs

MAUREEN LAW  
Deputy Minister

# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

## STATEMENT OF THE CANADA PENSION PLAN INVESTMENT FUND

FOR THE YEAR ENDED MARCH 31, 1988

(in thousands of dollars)

	Balance at beginning of year	Amounts charged— Purchases	Amounts credited— Redemptions	Balance at end of year
Investment in securities (Note 5)				
Provinces and territory				
Newfoundland .....	668,714	43,829	12,000	700,543
Prince Edward Island .....	140,167	10,010	2,290	147,887
Nova Scotia .....	1,259,373	81,516	24,639	1,316,250
New Brunswick .....	923,106	62,396	19,328	966,174
Quebec .....	122,205	5,158	1,876	125,487
Ontario .....	15,845,784	431,015	375,902	15,900,897
Manitoba .....	1,797,643	89,941	39,396	1,848,188
Saskatchewan .....	1,460,423	88,333	29,663	1,519,093
Alberta .....	3,743,357	298,620	55,194	3,986,783
British Columbia .....	4,497,249	327,926	95,001	4,730,174
Yukon Territory .....	572	3,154		3,726
	30,458,593	1,441,898	655,289	31,245,202
Canada .....	1,795,680	699,981	3,814	2,491,847
	32,254,273	2,141,879	659,103	33,737,049

Approved on behalf of the Department of National Health and Welfare:

D. MAASLAND  
Assistant Deputy Minister  
Income Security Programs

MAUREEN LAW  
Deputy Minister

## NOTES TO STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1988

### 1. Plan description and authority

The Canada Pension Plan (the Plan) is a compulsory and contributory social insurance plan which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. The Plan applies in all parts of Canada, except for the Province of Quebec which has a parallel plan.

Under existing arrangements, all benefits and all costs incurred in the administration of the Plan are financed by the contributions made by employees, employers and self-employed persons and the interest earned from the investment of funds.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by Section 110.(1) of the Canada Pension Plan, a 1965 Act of Parliament, to record the contributions, interest, benefits and expenses of the Plan.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by Section 111.(1) of the Plan to record the investment in securities of the provinces, territories and Canada.

### 2. Accounting policies

#### Canada Pension Plan Account

The amounts credited and charged to the Account are in accordance with Sections 110.(2) and 110.(3) of the Plan, respectively. Contributions, interest and benefits are recorded on a cash basis. Contributions are received from Revenue Canada—Taxation based on estimates of collections for the current year and adjustments to the estimates of prior years. Expenses are recorded on an accrual basis. The balance in the Account represents the accumulated excess of contributions and interest over benefits and expenses to date.

#### Canada Pension Plan Investment Fund

The amounts charged and credited to the Fund are in accordance with Section 111.(2) of the Plan. All securities held are carried at cost, are non-negotiable and have a term of 20 years or such lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Department of Insurance.



## Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Concluded

### NOTES TO STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1988—Concluded

#### 3. Interest

	1988	1987
	(in thousands of dollars)	
Interest on investment in securities held by the Fund. The weighted average rate of interest on securities purchased during the year was 9.61% (1987: 9.64%)		
Provinces and territory		
Newfoundland .....	73,194	68,556
Prince Edward Island .....	15,455	14,366
Nova Scotia .....	136,450	124,705
New Brunswick .....	100,177	94,114
Quebec .....	12,260	11,716
Ontario .....	1,695,475	1,674,289
Manitoba .....	193,368	182,347
Saskatchewan .....	158,641	148,211
Alberta .....	414,944	380,777
British Columbia .....	496,018	469,686
Yukon Territory .....	179	
Canada .....	3,296,161	3,168,767
	189,039	79,576
	3,485,200	3,248,343
Interest on operating balance on deposit with the Receiver General for Canada, at a weighted average rate of 8.16% (1987: 8.32%) .....	184,028	155,507
	3,669,228	3,403,850

#### 4. Expenses

Expenses of the Account represent the costs of administration charged by six federal government departments: Revenue Canada—Taxation (collection of contributions); Health and Welfare (administration); Supply and Services (cheque issue and computer services); Public Works (accommodation); Employment and Immigration (assignment of social insurance numbers and maintenance of central index); and Insurance (actuarial services).

#### 5. Investment in securities

Operating balances on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for purchases of securities of the provinces, territories and Canada. The monies available for security purchases are allocated to the provinces and territories based on the proportion of contributions credited to the Account during the preceding 10 years in respect of employment in a given province or a territory to the total contributions in those years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

#### 6. Financing of the Plan

The Canada Pension Plan was amended by Bill C-116 with effect from January 1, 1987. The effect of those changes was partially reflected in the fiscal year 1986-87. Financial statements for the year 1987-88 fully display the effect.

A long-term financing philosophy was established setting out provisions for the timing, rate of increase of the contribution rates and amendments thereto which will be made by regulation.

The revised legislation now contains a 25 year schedule of contribution rates providing for an increase from the 1986 rate of 3.6% progressively by 0.2 percentage points each year until 1991 and by 0.15 percentage points thereafter until 2011 when it will reach 7.6%. However, it stipulates that every five years the Minister of Finance and ministers of the Crown from the included provinces shall review the contribution rates set out in the schedule and make recommendations as to whether those rates should be changed and as to whether the schedule should be amended to include contribution rates for an additional five years. If, for any reason, the schedule is not amended for the additional five years the Minister of Finance shall, by regulation, amend the schedule to include the contribution rates set out in the most recent report prepared by the Chief Actuary. By the year 2011, it is expected that the Plan's Account will be equivalent to approximately two years' expenditure of the Plan and will be maintained near that level in accordance with the provisions of Section 114.1(4)(c) of the revised legislation.

Under existing legislation, any proposed enactment to alter the general level of benefits or the rate of contributions requires agreement by at least two-thirds of the 10 provinces having an aggregate of not less than two-thirds of the population.

Other significant amendments by Bill C-116 were a flexible retirement provision starting at the age of 60; increased disability and combined benefit payments; additional benefits for dependent children; the extension of benefits to remarried survivors; the splitting of pension credits to separated couples; and, the assignment of pensions between spouses.

Report No 10 was the Chief Actuary's last report tabled in Parliament in October 1986. Among other things, it contained the results of his examination of the financial impact of the legislative changes in Bill C-116.

# Government Annuities Account

## AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have examined the balance sheet of the Government Annuities Account as at March 31, 1988 and the statements of operations and actuarial reserves and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Account as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Account that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with section 15 of the Government Annuities Act and Regulations and section 15 of the Government Annuities Improvement Act.

Raymond Dubois, F.C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
July 14, 1988

## BALANCE SHEET AS AT MARCH 31, 1988 (in thousands of dollars)

ASSETS	1988	1987	LIABILITIES	1988	1987
Deposit with Receiver General for Canada .....	919,574	954,054	Actuarial surplus due to Canada .....	2,737	2,159
Accrued interest due from Canada .....	67,808	70,254	Actuarial reserves (Note 3) .....	984,816	1,022,332
Accounts receivable .....	171	183			
	987,553	1,024,491		987,553	1,024,491

Approved by the Canada Employment and Immigration Commission:

NICK MULDER  
*Vice-Chairman*

PAUL GAUVIN  
*Executive Director  
Finance and Administration*

## Government Annuities Account—Continued

STATEMENT OF OPERATIONS AND ACTUARIAL RESERVES  
FOR THE YEAR ENDED MARCH 31, 1988  
(in thousands of dollars)

	1988	1987
Payments and other charges		
Annuity payments.....	100,577	100,341
Premium refunds.....	2,263	2,752
Unclaimed annuities.....	359	212
	103,199	103,305
Income		
Interest from Canada.....	67,808	70,254
Premiums.....	552	610
Other.....	60	77
	68,420	70,941
Excess of payments and other charges over income for the year.....	34,779	32,364
Actuarial reserves, balance at beginning of the year.....	1,022,332	1,056,855
	987,553	1,024,491
Actuarial surplus—Excess of recorded actuarial reserves over calculated actuarial reserves at end of the year.....	2,737	2,159
Actuarial reserves, balance at end of the year (Note 3).....	984,816	1,022,332
Accumulated premiums and accrued interest for unmatured annuities.....	280,212	314,610
Present value of matured annuities.....	704,604	707,722
Total actuarial reserves (Note 3).....	984,816	1,022,332

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED MARCH 31, 1988  
(in thousands of dollars)

	1988	1987
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year.....	34,779	32,364
Decrease in accrued interest and others.....	(2,458)	(2,314)
	32,321	30,050
Actuarial surplus remitted to Consolidated Revenue Fund.....	2,159	3,126
Total funds used.....	34,480	33,176
Deposit with Receiver General for Canada, balance at beginning of the year.....	954,054	987,230
Deposit with Receiver General for Canada, balance at end of the year.....	919,574	954,054

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1988

## 1. Authority and purpose

The Government Annuities Account was established in 1908 by the Government Annuities Act, R.S.C. c. G-6, (the "Act"), and modified by the Government Annuities Improvement Act, S.C. 1974-75-76, c. 83, (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The Improvement Act increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

## 2. Significant accounting policies

## (a) Basis of accounting

The accounts of the Government Annuities Account are maintained on an accrual basis.

## (b) Actuarial reserves

Actuarial reserves comprise: (i) in respect of unmatured annuities, accumulated premiums and accrued interest, and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

## (c) Actuarial surplus due to Canada

If at the end of any fiscal year the recorded amount of actuarial reserves exceeds or is less than the calculated amount of actuarial reserves, the difference results in an actuarial surplus or deficit which is remitted to or recovered from the Consolidated Revenue Fund.

## (d) Interest from Canada

Interest from Canada is calculated on actuarial reserves as prescribed by the Improvement Act.

## (e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

## (f) Services provided without charge

Administrative services are provided to the Account by the Canada Employment and Immigration Commission and by other Government departments without charge.

**Government Annuities Account—Concluded****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 1988—Concluded****3. Actuarial reserves**

The method utilized to calculate the actuarial reserves of \$984,816,000 (1987—\$1,022,332,000) is in accordance with subsection 15(1) of the Government Annuities Improvement Act, S.C. 1974-75-76, c. 83 and the Regulations pertaining thereto.

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

Mortality statistics in the last decade have shown that life expectancy has increased at a faster rate than that provided by these mortality tables. Should this trend continue at the same rate in the future, the 1949 Mortality table adjusted by Projection Scale C may need to be modified and could result in a potential additional liability that would impact future actuarial reserves. The Commission undertakes an annual review of mortality in the preceding five year period to monitor the appropriateness of the mortality tables for valuation purposes. The results of the 1986-87 study indicate that the mortality tables in use continue to be appropriate.

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## Royal Canadian Mounted Police (Dependants) Pension Fund

### AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have examined the statement of revenues, expenditures and fund balance of the Royal Canadian Mounted Police (Dependants) Pension Fund for the year ended March 31, 1988. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the revenues and expenditures of the Fund and its balance for the year ended March 31, 1988 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Raymond Dubois, F.C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
August 15, 1988

### STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE FOR THE YEAR ENDED MARCH 31, 1988

	1988	1987
	\$	\$
<b>Revenues</b>		
Interest .....	1,724,063	1,641,122
Contributions .....	25,111	26,038
	1,749,174	1,667,160
<b>Expenditures</b>		
Pensions .....	673,825	606,623
Contributions withdrawn .....		24,328
	673,825	630,951
Excess of revenues over expenditures .....	1,075,349	1,036,209
Fund balance at the beginning of the year ....	15,705,271	14,669,062
Fund balance at the end of the year .....	16,780,620	15,705,271

Certified correct:

G. BOUCHER  
*Acting Manager  
District Services Officer*

Approved:

H. JENSEN  
*Acting Commissioner*

### NOTES TO THE FINANCIAL STATEMENT MARCH 31, 1988

#### 1. Authority and operations

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 by the Royal Canadian Mounted Police Pension Continuation Act. The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions. The Fund is credited with these contributions together with interest computed quarterly on the balance to the credit of the Fund at the end of the preceding quarter, and charged with contributions withdrawn and pensions. All transactions of the Fund are made through the Consolidated Revenue Fund.

Section 56 of the Act directs the Minister of Finance to have an actuarial valuation of the Fund made at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

#### 2. Significant accounting policy

Revenues and expenditures are recorded on the accrual basis.

#### 3. Supplementary information

The most recent actuarial valuation was made as at March 31, 1986. The valuation disclosed an actuarial surplus of \$2,598,443. A portion of the surplus has been distributed by increases in the basic pension amount of 30% as at April 1, 1986 and 15% as of April 1, 1987. A further increase of 15% will be in effect April 1, 1988.

# SECTION 9

## 1987-88 PUBLIC ACCOUNTS

### Other Liabilities

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## OTHER LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Other Liabilities". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 9.1 presents the year-end balances for other liabilities.

TABLE 9.1

### OTHER LIABILITIES

	April 1/1987	March 31/1988	Net increase or decrease (-)	
	\$	\$	1988	1987
Interest and matured debt, Table 9.2 .....	10,579,145,554	11,604,799,806	1,025,654,252	3,415,812
Less: unamortized discount on—				
Canada bills .....	6,875,615	7,247,057	371,442	6,875,615
Treasury bills .....	1,507,549,231	1,997,800,457	490,251,226	16,167,606
	9,064,720,708	9,599,752,292	535,031,584	- 19,627,409
Accounts payable .....	5,867,578,156	6,777,005,862	909,427,706	433,498,970
Outstanding cheques and warrants, Table 9.3 .....	2,870,342,089	2,723,187,690	- 147,154,399	- 63,717,585
Allowance for employee vacation and termination benefits .....	2,350,000,000	2,500,000,000	150,000,000	300,000,000
Allowance for borrowings of agent Crown corporations expected to be repaid by the Government—				
Borrowings of agent Crown corporations .....	15,766,811,000	14,832,756,000	- 934,055,000	1,144,007,000
Less: borrowings expected to be repaid by these Crown corporations .....	15,666,811,000	14,382,756,000	- 1,284,055,000	1,044,007,000
	100,000,000	450,000,000	350,000,000	100,000,000
Miscellaneous, Table 9.4 .....	171,322,738	167,007,818	- 4,314,920	- 19,131,162
<b>Total .....</b>	<b>20,423,963,691</b>	<b>22,216,953,662</b>	<b>1,792,989,971</b>	<b>731,022,814</b>

## Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 9.2 presents a summary of the balances and transactions in this account.

TABLE 9.2

### INTEREST AND MATURED DEBT

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (-)	
	\$	\$	\$	\$	1988	1987
Interest due .....	5,265,290,110	31,134,203,095	30,748,141,338	5,651,351,867	386,061,757	- 14,911,267
Interest accrued .....	5,012,215,733	24,705,971,630	23,994,156,303	5,724,031,060	711,815,327	149,061,947
Matured debt .....	301,639,711	879,005,806,018	879,078,028,850	229,416,879	- 72,222,832	- 130,734,868
<b>Total .....</b>	<b>10,579,145,554</b>	<b>934,845,980,743</b>	<b>933,820,326,491</b>	<b>11,604,799,806</b>	<b>1,025,654,252</b>	<b>3,415,812</b>

#### Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

#### Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

**Matured debt**

This account records financial obligations represented by certificates of indebtedness issued by the Government of Canada, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenue if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

**Unamortized Discount on Canada Bills**

This account records the portion of the discount on outstanding Canada bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

**Unamortized Discount on Treasury Bills**

This account records the portion of the discount on outstanding Treasury bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

**Accounts Payable**

This account represents amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceilings, and items to be paid from certain statutory authorities.

**Outstanding Cheques and Warrants**

This account records cheques and warrants issued but not yet presented for payment.

Table 9.3 presents a summary of the balances in this account.

**TABLE 9.3****OUTSTANDING CHEQUES AND WARRANTS**

	April 1/1987	March 31/1988	Net increase or decrease ( - )	
	\$	\$	1988 \$	1987 \$
Outstanding cheques.....	2,644,991,372	2,476,484,962	- 168,506,410	- 60,202,898
Imprest account cheques .....	684,369	718,724	34,355	50,543
Unemployment insurance warrants.....	224,666,348	245,984,004	21,317,656	- 3,565,230
Total.....	2,870,342,089	2,723,187,690	- 147,154,399	- 63,717,585

**Outstanding cheques**

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenue. During the year, an amount of \$4,830,503 was transferred to revenue.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

**Imprest account cheques**

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenue), are recorded in this account. During the year, an amount of \$34,800 was transferred to revenue.

**Unemployment insurance warrants**

This account records outstanding Unemployment insurance benefit warrants.

**Allowance for Employee Vacation and Termination Benefits**

This account represents allowances for amounts owing for earned and unpaid annual vacation leave (\$450 million) and for employee benefits payable upon termination of employment (\$2,050 million).

**Allowance for Borrowings of Agent Crown Corporations Expected to be Repaid by the Government**

In accordance with Section 45 of the Financial Administration Act, the payment of all money borrowed by agent Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent Crown corporations expected to be repaid by the Government (see Table 7.7 in Section 7 of this volume).



## Other Liabilities—Miscellaneous

Table 9.4 presents a summary of the balances and transactions for other miscellaneous liabilities.

TABLE 9.4

### OTHER LIABILITIES—MISCELLANEOUS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease (—)	
					1988	1987
	\$	\$	\$	\$	\$	\$
Eldorado Mining and Refining Limited—						
Unpresented capital stock .....	23,695			23,695		
Miscellaneous departmental payroll deductions ..	- 727,141		8,617,204	- 9,344,345	- 8,617,204	- 13,475,772
Contractors' and other holdbacks—						
Agriculture .....	2,524,765	284,839	964,094	1,845,510	- 679,255	214,164
Communications .....	1,194,364	712,677	955,288	951,753	- 242,611	- 143,255
Canadian Radio-television and Telecom- munications Commission .....		927		927	927	
National Library .....	11,209	17,862	26,825	2,246	- 8,963	11,209
Consumer and Corporate Affairs .....	120,702	132,712	134,411	119,003	- 1,699	114,681
Employment and Immigration .....	2,560,651	124,458	2,566,691	118,418	- 2,442,233	2,521,162
Energy, Mines and Resources .....	13,357,320	7,958,431	10,857,184	10,458,567	- 2,898,753	- 777,599
Atomic Energy Control Board .....	116,324	272,618	265,940	123,002	6,678	48,651
Environment .....	2,685,003	904,513	55,200	3,534,316	849,313	- 258,961
External Affairs .....	4,450,094	889,182	1,171,587	4,167,689	- 282,405	1,754,248
Canadian International Development Agency .....	11,616,647	19,657,011	16,593,563	14,680,095	3,063,448	- 816,972
Fisheries and Oceans .....	1,673,416	2,474,156	2,557,602	1,589,970	- 83,446	- 819,665
Indian Affairs and Northern Development .....	486,721	455,780	429,911	512,590	23,869	- 181,715
Justice .....	22,434	87,520	24,129	85,825	63,391	18,360
National Defence .....	59,321,625	249,552,885	230,727,245	78,147,265	18,825,640	2,281,951
National Health and Welfare .....	245,576	110,748	4,020	352,304	106,728	12,259
National Revenue—						
Customs and Excise .....	520,170	105,897	517,213	108,854	- 411,316	6,810
Public Works .....	23,133,726	22,563,402	25,324,566	20,372,562	- 2,761,164	- 8,775,415
Regional Industrial Expansion .....	335,593	90,334	128,203	297,724	- 37,869	49,389
Science and Technology—						
National Research Council .....	2,750,057	5,790,760	5,587,274	2,953,543	203,486	- 1,198,404
Solicitor General—						
Administration program .....	508,966	215,097	394,039	330,024	- 178,942	344,539
Correctional Service .....	616,636	416,837	674,153	359,320	- 257,316	173,096
Royal Canadian Mounted Police .....	2,496,639	1,198,690	1,460,555	2,234,774	- 261,865	520,447
Supply and Services .....	2,144,533	1,349,264	1,623,084	1,870,713	- 273,820	- 129,497
Transport .....	20,821,045	20,111,048	21,901,469	19,030,624	- 1,790,421	- 1,689,770
National Transportation Agency .....	14,674	11,167	25,421	420	- 14,254	- 14,878
Suspense accounts .....	153,728,890	335,488,815	324,969,667	164,248,038	10,519,148	- 6,735,165
	18,297,294		6,216,864	12,080,430	- 6,216,864	1,079,775
Total .....	171,322,738	335,488,815	339,803,735	167,007,818	- 4,314,920	- 19,131,162

#### Eldorado Mining and Refining Limited—Unpresented capital stock

The liability of the Government of Canada for the value of the paid-up capital stock of the former company, which has not been redeemed at the close of the year, is recorded herein.

#### Miscellaneous departmental payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

During the year, the account was decreased by net transactions amounting to \$8,617,204.

#### Contractors' and other holdbacks

This account records the amounts withheld to ensure that contracts are carried out as stipulated. Holdbacks are charged to appropriations of departments or agencies concerned, and are credited to this account under Section 35 of the Financial Administration Act. They are paid out in accordance with contracts under regulations of the Treasury Board.

#### Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

During the year, the accounts were decreased by net transactions amounting to \$6,216,864.

# SECTION 10

## 1987-88 PUBLIC ACCOUNTS

### Foreign Exchange Accounts

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## FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government of Canada which are identified with Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenue as premium and discount on exchange, and net losses are charged to budgetary expenditure of the Department of Finance.

Table 10.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$11,282 million as at March 31, 1988 (\$11,997 million as at March 31, 1987); details relating to these obligations are presented in Section 11 of this volume.

TABLE 10.1

## FOREIGN EXCHANGE ACCOUNTS

	April 1/1987	Receipts and other credits	Payments and other charges	March 31/1988	Net increase or decrease ( - )	
					1988	1987
	\$	\$	\$	\$	\$	\$
International reserves held in the Exchange						
Fund Account.....	8,212,351,127	52,622,833,306	59,188,947,310	14,778,465,131	6,566,114,004	4,754,032,404
International Monetary Fund—Subscriptions ....	4,936,144,990	86,795,321	189,053,891	5,038,403,560	102,258,570	266,006,850
	13,148,496,117	52,709,628,627	59,378,001,201	19,816,868,691	6,668,372,574	5,020,039,254
Less: International Monetary Fund—Notes						
payable .....	4,272,625,318	572,756,540	365,177,179	4,480,204,679	207,579,361	360,230,665
Special Drawing Rights allocations .....	1,307,952,543	27,095,913		1,335,048,456	27,095,913	69,816,591
	5,580,577,861	599,852,453	365,177,179	5,815,253,135	234,675,274	430,047,256
Total foreign exchange accounts .....	7,567,918,256	53,309,481,080	59,743,178,380	14,001,615,556	6,433,697,300	4,589,991,998

## International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government of Canada to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the Currency Act. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1987, together with the Auditor General's report thereon, are found at the end of this section.

In determining the net income of the Exchange Fund Account, the Currency Act drew a distinction between regular investment income and valuation gains or losses. Valuation gains or losses, which are due to exchange rate changes and gold sales, were averaged over three years under the Currency Act, while, since 1985-86, they have been recognized in the

Public Accounts in the year in which they occurred. With the coming into force of Bill C-99, an Act to amend the Currency Act, on March 22, 1988, this difference in accounting treatment was eliminated.

Table 10.2 shows foreign exchange reserves held by and advances to the Exchange Fund Account as at March 31, 1988. Gold held by the Account is valued at 35 SDRs per fine ounce (\$59.96 Cdn as at March 31, 1988 and \$58.74 Cdn as at March 31, 1987).

In 1987-88, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$58,805.6 million and an adjustment of \$383.3 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$52,212.8 million and a valuation adjustment of \$410 million.

TABLE 10.2

**INTERNATIONAL RESERVES HELD IN  
THE EXCHANGE FUND ACCOUNT**  
(in millions of dollars)

	March 31/ 1988	March 31/ 1987
US cash on deposit .....	72	25
US dollar short-term deposits .....	2,566	1,838
US dollar investments .....	9,335	4,699
Deutsche marks cash on deposit .....	1	
Deutsche marks short-term deposits .....	252	
Japanese yen cash on deposit .....	262	
Japanese yen short-term deposits .....	40	
Special Drawing Rights .....	954	253
International Monetary Fund notes .....	192	256
Gold .....	1,104	1,141 <sup>(1)</sup>
Canadian cash on deposit .....	1	
<b>Total .....</b>	<b>14,779</b>	<b>8,212</b>
<b>Advances by the Consolidated Revenue Fund</b> were denominated as follows:		
US dollars (1988, US \$5,932 million; 1987, US \$6,081 million) <sup>(2)</sup> .....	7,326	7,938
Deutsche marks (1988, DM 200 million; 1987, DM 200 million) .....	149	144
Swiss francs (1988, SF 952 million; 1987, SF 1,252 million) .....	861	1,082
Japanese yen (1988, Y 260,000 million; 1987, Y 260,000 million) .....	2,582	2,324
Special Drawing Rights (1988, SDR 383.3 million; 1987, SDR 383.3 million) .....	657	643
	11,575	12,131
<b>Less: income dollar deposit with the</b> <b>Receiver General for Canada .....</b>	<b>-2,821</b>	<b>3,868</b>
<b>Total advances from the Consolidated Revenue Fund .....</b>	<b>14,396</b>	<b>8,263</b>
<b>Less: income (-) and valuation losses recog-</b> <b>nized as revenue or expenditure—</b>		
Deferred valuation losses at previous Decem- ber 31 .....		412
<b>Total net income (-) from January 1 to</b> <b>March 31 .....</b>	<b>-383</b>	<b>-361</b>
	-383	51
<b>Total .....</b>	<b>14,779</b>	<b>8,212</b>

<sup>(1)</sup> Less than \$500,000.<sup>(2)</sup> Excludes 1962 issue (1987, \$58,486,400) and 1968 issue (1988, \$123,490,000; 1987, \$130,550,000), the proceeds of which were advanced to the Exchange Fund Account in Canadian dollars.
**International Monetary Fund—Subscriptions**

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars. In 1987-88, receipts and other credits consisted of a maintenance of value adjustment of \$86.8 million while payments and other charges consisted of a valuation adjustment of \$189.1 million.

**International Monetary Fund—Notes Payable**

This account records non-marketable, non-interest bearing notes issued by the Government of Canada to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1987-88, notes payable to the IMF increased by \$207.6 million.

**Special Drawing Rights Allocations**

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1987-88, receipts and other credits consisted of a valuation adjustment of \$27.1 million.



## SUPPLEMENTARY STATEMENT

## Exchange Fund Account

## AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have examined the balance sheet of the Exchange Fund Account as at December 31, 1987 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the Exchange Fund Account for the year ended December 31, 1987 was in compliance, in all significant respects, with applicable provisions of the Currency Act, R.S., c. C-39, as amended.

Further, in my opinion, the financial statements present fairly the financial position of the Exchange Fund Account as at December 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied, except for the change in the method of taking valuation gains and losses into net income due to the Consolidated Revenue Fund as explained in Note 11 to the financial statements, on a basis consistent with that of the preceding year.

D. Larry Meyers, F.C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
March 11, 1988 except for Note 11  
for which the date is March 22, 1988.

BALANCE SHEET AS AT DECEMBER 31, 1987  
(in millions of dollars)

ASSETS	1987		1986		LIABILITIES	1987		1986	
	US	Cdn	US	Cdn		Cdn		Cdn	
Denominated in US dollars					Provision for valuation losses (gains) on uncompleted contracts (Note 8) .....	4.3		(0.5)	
Cash and short-term deposits .....	1,727.7	2,244.8	867.5	1,197.6	Deferred net valuation (losses) (Note 11) ..			(412.3)	
Securities (Note 3) .....	3,348.8	4,351.1	446.0	615.7	Due to the Consolidated Revenue Fund				
	5,076.5	6,595.9	1,313.5	1,813.3	Advances (Note 9) .....	8,247.0		4,113.3	
Denominated in Special Drawing Rights					Net income (loss) for the year .....	317.1		(104.7)	
Special Drawing Rights (Note 4) ....	419.2	544.7	249.6	344.5					
International Monetary Fund notes (Note 5) .....	178.8	232.3	196.1	270.7					
Gold (Note 6) .....	919.8	1,195.1	844.8	1,166.3					
	1,517.8	1,972.1	1,290.5	1,781.5					
Official international reserve assets (Note 7) .....	6,594.3	8,568.0	2,604.0	3,594.8					
Denominated in Canadian dollars									
Cash .....		0.4		1.0					
		8,568.4		3,595.8		8,568.4		3,595.8	

Approved:

J.W. CROW  
Governor,  
Bank of Canada

STANLEY H. HARTT  
Deputy Minister,  
Department of Finance

D. R. STEPHENSON  
Chief, International Department,  
Bank of Canada

## Exchange Fund Account—Continued

### STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1987 (in millions of Canadian dollars)

	1987	1986
Investment income		
Cash and short-term deposits .....	128.2	45.8
US dollar securities .....	249.2	103.8
Special Drawing Rights .....	30.0	15.1
International Monetary Fund notes .....	18.8	19.3
Gold loans .....	2.9	3.0
	429.1	187.0
Net valuation gains (losses) (Note 10) .....	300.3	(300.7)
Income (loss) for the year .....	729.4	(113.7)
Reconciliation of income (loss) for the year to net income (loss) due to (from) the Consolidated Revenue Fund:		
(Losses) deferred from previous years .....	(412.3)	(403.3)
Losses deferred to subsequent years (Note 11) .....		412.3
Net income (loss) for the year due to (from) the Consolidated Revenue Fund	317.1	(104.7)

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1987

#### 1. Authority and objective

The Account is governed by Part II of the Currency Act, R.S., c. C-39, as amended (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The Account is funded by advances from the Consolidated Revenue Fund (CRF) which are limited to Cdn \$15 billion by Order in Council dated December 3, 1987 and are not subject to interest. The net income or loss for the year is payable or chargeable to the CRF within three months after the end of the year.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar and the Minister acquires for the Account those assets which are deemed appropriate for this purpose in accordance with the Act.

#### 2. Accounting policies

##### Valuation of assets

US dollar securities, Special Drawing Rights (SDRs) and International Monetary Fund (IMF) notes are adjusted for amortized premiums and discounts where applicable, and include accrued interest. Gold includes gold loans and accrued interest on gold loans. Under the Currency Act, the Minister of Finance determines the gold valuation policy of the Account (Note 6). Cash and short-term deposits include accrued interest where applicable.

##### Translation of foreign currencies and SDRs

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end

exchange rates in the Canadian foreign exchange market. Assets and liabilities denominated in SDRs are first translated into US dollars at the year-end US dollar value of the SDR, as calculated by the IMF, and then into Canadian dollars. Investment income in foreign currencies is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded. The assets and liabilities denominated in foreign currencies and SDRs have been translated into Canadian dollars at the following year-end exchange rates:

	1987	1986
US dollar .....	1.2993	1.3805
Japanese yen .....	0.010737	0.008736
Swiss franc .....	1.0231	0.8572
Special Drawing Right .....	1.84327	1.68861
Deutsche mark .....	0.8275	0.7191

#### Investment income

Investment income is recorded on an accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of securities.

#### Valuation gains and losses

Valuation gains and losses include the increases and decreases in the value of assets and liabilities arising from the translation of foreign currencies and SDRs during the year and at year end. Valuation gains and losses also include gains or losses on transactions in foreign currencies, SDRs and gold, and on the liquidation of liabilities.

#### Operating expenses

The Bank of Canada provides, without charge, the administrative, custodial and fiscal agency services to carry out the objectives of the Account.

#### 3. Securities denominated in US dollars

	1987	1986
	(in millions of US dollars)	
US Government securities .....	3,207.3	339.7
International Bank for Reconstruction and Development bonds .....	109.0	103.0
Accrued interest .....	32.5	3.3
	3,348.8	446.0

#### Estimated market value at year end:

1987—US \$3,337 million (Cdn \$4,336 million)

1986—US \$446 million (Cdn \$616 million)

## Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1987—Continued

## 4. Special Drawing Rights

	1987	1986
	(in millions of SDRs)	
Held at end of the year .....	285.6	202.2
Accrued interest .....	9.9	1.7
	295.5	203.9
	(in millions of US dollars)	
Held at end of the year .....	405.2	247.4
Accrued interest .....	14.0	2.2
	419.2	249.6

## 5. International Monetary Fund notes

	1987	1986
	(in millions of SDRs)	
Supplementary Financing Facility notes .....	120.4	154.7
Accrued interest .....	5.7	5.6
	126.1	160.3
	(in millions of US dollars)	
Notes .....	170.8	189.2
Accrued interest .....	8.0	6.9
	178.8	196.1

These notes represent Canada's participation in the Supplementary Financing Facility established to assist members of the IMF with balance of payments needs. The notes were acquired in 1983 and 1984 and have original terms to maturity of five years. They are redeemable on demand if Canada represents that it has a balance of payments need and are transferable to other members.

## 6. Gold

	1987	1986
	(in thousands of fine ounces)	
Held at beginning of the year .....	19,724	20,106
Sales .....	1,206	382
Held at end of the year .....	18,518	19,724
	(in millions of US dollars)	
Gold and gold loans .....	919.5	844.5
Accrued interest on gold loans .....	0.3	0.3
	919.8	844.8

Gold is valued in the Account at 35 SDRs per fine ounce, which approximates its historical cost in foreign currency terms. In keeping with the method of valuation used for other assets, gold holdings were translated into

US dollars at the year-end US dollar value of the SDR, and to a Canadian dollar equivalent at the year-end exchange rate for the US dollar.

The book value, market value (as recorded at the London fixings) and approximate Canadian dollar historical cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

	1987		1986	
	Per fine ounce	Total in millions	Per fine ounce	Total in millions
Book value — \$ US .....	49.65	919.5	42.81	844.5
— \$ Cdn .....	64.51	1,194.7	59.10	1,165.8
Market value — \$ US .....	486.50	9,009.0	390.90	7,710.1
— \$ Cdn .....	632.11	11,705.4	539.64	10,643.8
Approximate historical cost — \$ US .....	36.91	683.5	36.91	728.0
— \$ Cdn .....				

The Minister of Finance has authorized loans and/or sales, at market related prices, of part of the gold held by the Account, to the Royal Canadian Mint and others. At year end, the Account's gold holdings included gold loans of 1,213 thousand (1986—1,118 thousand) fine ounces.

## 7. Official international reserve assets

The Account is the principal repository of Canada's official international reserves. The remainder of Canada's international reserves are held by the Bank of Canada and the CRF and are not reflected in the statements of the Account.

## 8. Provision for valuation losses (gains) on uncompleted contracts

At year end, the Account had uncompleted foreign exchange transactions and swaps. As the exchange rates on these uncompleted contracts differ from the year-end rates at which the Account's assets and liabilities are valued, additional valuation gains or losses will occur upon settlement. The provision for valuation gains or losses on uncompleted contracts arises from the revaluation of such contracts using the year-end rates of exchange and represents the portion of future net gains or losses attributed to the current year.

Under swap arrangements with the Bank of Canada, the Account sells US dollars to the Bank and agrees to repurchase these amounts at the same exchange rates at which they were sold. These contracts are undertaken to assist in the Bank's cash management operations. Outstanding swaps with the Bank of Canada at year end amounted to US \$930 million in 1987 (Cdn \$1,212 million) (1986—US \$760 million, Cdn \$1,049 million).

## Exchange Fund Account—Concluded

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987—Concluded

#### 9. Due to the Consolidated Revenue Fund—Advances

	1987		1986	
	Amount	(in millions) Cdn \$	Amount	Cdn \$
Foreign currencies and SDRs				
US dollars .....	6,158	8,001.6	6,214	8,578.7
Japanese yen .....	260,000	2,792.4	260,000	2,271.4
Swiss francs .....	952	974.0	1,664	1,426.4
SDRs .....	383	706.5	383	647.2
Deutsche marks .....	200	165.5	200	143.8
		12,640.0		13,067.5
Less: Canadian dollar repayments to the Receiver General for Canada .....		4,393.0		8,954.2
		8,247.0		4,113.3

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced in foreign currency and SDRs from the CRF to the Account. Redemptions of borrowings are made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies is charged directly to the CRF.

#### 10. Net valuation gains (losses) during the year

	1987			1986
	Assets	Liabilities	Total	Total
	(in millions of Canadian dollars)			
Japanese yen .....	1.0	(521.0)	(520.0)	(441.3)
Swiss francs .....	12.7	(190.0)	(177.3)	(294.4)
US dollars .....	(237.8)	501.3	263.5	168.1
Gold .....	101.5		101.5	107.2
Deutsche marks .....	4.6	(21.7)	(17.1)	(29.2)
Special Drawing Rights .....	67.6	(59.3)	8.3	(7.3)
	(50.4)	(290.7)	(341.1)	(496.9)
Gain on gold sales .....			641.4	196.2
Net valuation gains (losses) during the year .....			300.3	(300.7)

#### 11. Subsequent event and change in accounting policy

On March 22, 1988, Bill C-99, an Act to amend the Currency Act, came into force. The amendments require that the net income of the Account for a calendar year shall be determined in accordance with accounting principles that are consistent with those applied in preparing the Public Accounts of Canada. The amendments remove the provision whereby valuation gains and losses for the year are taken into net income due to the CRF in three equal portions over the current and two succeeding years. The modified accounting policy applied is to take valuation gains and losses into net income due to the CRF in the current year. This accounting policy has been applied to the Account for 1987. The effect of this change has been to reduce deferred net valuation gains and to increase the net income for the year due to the CRF by \$100 million for 1987.





# SECTION 11

## 1987-88 PUBLIC ACCOUNTS

### Unmatured Debt

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## UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as issues and retirements. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

TABLE 11.1

### UNMATURED DEBT

	April 1/1987	Issues	Retirements	March 31/1988	Net increase or decrease (-)	
	\$	\$	\$	\$	1988	1987
<b>Payable in Canadian currency—</b>						
Marketable bonds, Table 11.2 .....	94,425,910,000	17,649,179,000	8,176,480,000	103,898,609,000	9,472,699,000	13,359,113,000
Canada savings bonds, Table 11.3 .....	44,309,644,000	17,431,290,209	8,417,436,400	53,323,497,809	9,013,853,809	65,009,000
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund, Table 11.4 .....	1,795,680,000	699,981,000	3,814,000	2,491,847,000	696,167,000	1,350,490,000
Treasury bills, Table 11.5 .....	76,950,000,000	200,300,000,000	196,200,000,000	81,050,000,000	4,100,000,000	15,000,000,000
	217,481,234,000	236,080,450,209	212,797,730,400	240,763,953,809	23,282,719,809	29,774,612,000
<b>Less: Government's holdings of unmatured debt—</b>						
Marketable bonds .....	9,534,100	141,086,735		150,620,835	141,086,735	-174,895,719
Canada savings bonds held on account of employees .....	126,608,732	375,161,001	363,448,902	138,320,831	11,712,099	36,029,497
Canada savings bonds held on account of the Payroll Savings Plan .....	731,452,500	1,642,198,500	1,425,475,000	948,176,000	216,723,500	731,452,500
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund....	1,795,680,000	699,981,000	3,814,000	2,491,847,000	696,167,000	1,350,490,000
	2,663,275,332	2,858,427,236	1,792,737,902	3,728,964,666	1,065,689,334	1,943,076,278
	214,817,958,668	233,222,022,973	211,004,992,498	237,034,989,143	22,217,030,475	27,831,535,722
<b>Payable in foreign currencies—</b>						
Marketable bonds, Table 11.2 .....	5,868,445,147	760,865,375	306,281,426	6,323,029,096	454,583,949	-21,443,173
Notes and loans, Table 11.6 .....	5,096,527,500	218,550,000	1,388,673,000	3,926,404,500	-1,170,123,000	-2,824,342,300
Canada bills, Table 11.7 .....	1,045,358,237	7,809,991,243	7,810,806,845	1,044,542,635	-815,602	1,045,358,237
	12,010,330,884	8,789,406,618	9,505,761,271	11,293,976,231	-716,354,653	-1,800,427,236
<b>Less: Government's holdings of unmatured debt—</b>						
Marketable bonds .....	13,055,000		706,000	12,349,000	-706,000	-446,600
	11,997,275,884	8,789,406,618	9,505,055,271	11,281,627,231	-715,648,653	-1,799,980,636
<b>Total unmatured debt .....</b>	<b>226,815,234,552</b>	<b>242,011,429,591</b>	<b>220,510,047,769</b>	<b>248,316,616,374</b>	<b>21,501,381,822</b>	<b>26,031,555,086</b>

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 11.11.

### Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 11.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1988.

**TABLE 11.2**  
**MARKETABLE BONDS**

Maturity date	%	Issue date	Series	April 1/1987	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	Net increase or decrease ( - )		
							March 31/1988	1988	1987
				\$	\$	\$	\$	\$	\$
Payable in Canadian currency—									
Matured 1987-88									
1987—May 1	12½	May 8/84-Aug 22/84							
		Sept 12/84-Oct 1/84 .....	H23	650,000,000		650,000,000		- 650,000,000	
June 1	13	June 1/84-June 19/84							
		July 11/84 .....	H27	375,000,000		375,000,000		- 375,000,000	
June 1	14½	June 1/82 .....	J81	250,000,000		250,000,000		- 250,000,000	
June 6	10	June 6/85 .....	H59	450,000,000		450,000,000		- 450,000,000	
July 1	8½	July 1/77-Sept 1/77							
		Dec 15/77 .....	J11	525,000,000		525,000,000		- 525,000,000	
July 1	15	July 1/82 .....	J84	6,592,000		6,592,000		- 6,592,000	- 393,164,000
Sept 1	13½	Aug 1/84 .....	H31	150,000,000		150,000,000		- 150,000,000	
Sept 1	14½	Sept 1/82 .....	J87	544,881,000		544,881,000		- 544,881,000	- 86,960,000
Sept 6	9½	Sept 6/85 .....	H66	500,000,000		500,000,000		- 500,000,000	
Oct 15	13	Oct 15/82 .....	J90	450,000,000		450,000,000		- 450,000,000	
Nov 15	12	Nov 1/82-Apr 1/84							
		Oct 24/84 .....	J92	475,000,000		475,000,000		- 475,000,000	
Dec 1	8	Dec 1/80 .....	F79	7,000		7,000		- 7,000	
Dec 6	9½	Dec 6/85 .....	H71	500,000,000		500,000,000		- 500,000,000	
Dec 15	11	Dec 15/82-Aug 1/83							
		Sept 1/83-Dec 15/84 .....	J96	900,000,000		900,000,000		- 900,000,000	
1988—Feb 1	8½	Feb 1/78 .....	J15	125,000,000		125,000,000		- 125,000,000	
Feb 1	10½	Feb 1/83-Apr 27/83	J98	500,000,000		500,000,000		- 500,000,000	
Feb 1	11½	Nov 14/84-Mar 19/85							
		Apr 10/85 .....	H45	350,000,000		350,000,000		- 350,000,000	
Mar 6	9½	Mar 6/86 .....	H78	550,000,000		550,000,000		- 550,000,000	
Mar 15	10½	Feb 22/83-Mar 15/83							
		July 12/83-Feb 1/85							
		Feb 19/85 .....	H2	875,000,000		875,000,000		- 875,000,000	
				8,176,480,000		8,176,480,000		- 8,176,480,000	- 480,124,000
Maturing 1988-89									
1988—June 1	5	June 1/63 .....	AT21	100,000,000			100,000,000		
June 1	5	Feb 1/64 .....	CT9	50,000,000			50,000,000		
June 6	8½	June 6/86 .....	H86	550,000,000			550,000,000		550,000,000
Sept 5	8½	Sept 5/86 .....	H90	550,000,000			550,000,000		550,000,000
Oct 15	10½	Oct 15/83-Nov 8/83							
		Dec 15/83-May 1/85							
		May 22/85 .....	H11	825,000,000			825,000,000		
Nov 15	10	July 23/85-Sept 1/85							
		Oct 1/85-Oct 23/85 .....	H64	625,000,000			625,000,000		
Dec 5	8½	Dec 5/86 .....	H91	600,000,000			600,000,000		600,000,000
Dec 15	9½	Nov 15/85-Feb 6/86							
		Mar 15/86 .....	H69	475,000,000			475,000,000		
1989—Feb 15	6½	Feb 15/71 .....	F61	150,000,000			150,000,000		
Feb 15	11	Feb 21/84 .....	H15	200,000,000			200,000,000		
Mar 5	8	Mar 5/87 .....	H99	600,000,000			600,000,000		600,000,000
Mar 15	12½	Apr 1/84-May 1/84							
		Aug 22/84-Sept 12/84 ..	H20	575,000,000			575,000,000		
				5,300,000,000			5,300,000,000		2,300,000,000
Maturing 1989-90									
1989—Apr 15	9½	Dec 15/85-Apr 10/86 ..	H72	275,000,000			275,000,000		125,000,000
June 1	13½	June 1/84-June 19/84							
		July 11/84 .....	H24	525,000,000			525,000,000		
June 6	9	June 6/87 .....	A5		550,000,000		550,000,000	550,000,000	
July 1	13½	Aug 1/84 .....	H32	150,000,000			150,000,000		
July 1	8½	Apr 28/86-May 22/86							
		July 3/86-July 24/86							
		Sept 2/86-Oct 1/86							
		Oct 23/86-Dec 15/86 ..	H82	1,175,000,000			1,175,000,000		1,175,000,000
Aug 1	13½	Mar 1/81 .....	J58	442,320,000			442,320,000		
Sept 6	9½	Sept 6/87 .....	A9		550,000,000		550,000,000	550,000,000	
Oct 1	10	Aug 15/79-June 12/85							
		July 1/85 .....	J26	450,000,000			450,000,000		
Oct 1	10½	Oct 1/79-July 1/80							
		May 15/83-June 21/83 ..	J29	775,000,000			775,000,000		
Nov 1	10½	Jan 7/85 .....	H49	350,000,000			350,000,000		
Nov 1	12½	Oct 1/84-Oct 24/84 ..	H40	325,000,000			325,000,000		
Dec 6	9½	Dec 6/87 .....	A11		500,000,000		500,000,000	500,000,000	



TABLE 11.2

## MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1987	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	Net increase or decrease (—)		
							March 31/1988	1988	1987
				\$	\$	\$	\$	\$	\$
Dec 15	11½	Dec 15/79-Feb 1/80							
		June 1/80-Aug 1/80							
		Sept 27/83-Feb 1/84							
		Mar 13/84	J33	1,075,000,000			1,075,000,000		
1990—Feb 1	12	Nov 14/84-Mar 19/85	H43	400,000,000			400,000,000		
Feb 1	13½	Mar 31/81	J60	592,912,000			592,912,000		
Feb 26	10	Feb 26/86	H77	500,000,000			500,000,000		
Mar 6	8½	Mar 6/88	A14		550,000,000		550,000,000	550,000,000	
Mar 15	13½	Mar 31/80	J38	839,453,000			839,453,000		
				7,874,685,000	2,150,000,000		10,024,685,000	2,150,000,000	1,300,000,000
Maturing 1990-91									
1990—May 1	5½	May 1/64-July 1/64							
		Sept 1/65	CT12	225,000,000			225,000,000		
May 1	5½	Apr 1/67	F12	125,000,000			125,000,000		
May 1	13	May 1/80	J41	1,784,422,000			1,784,422,000		
June 1	11½	Apr 10/85	H56	150,000,000			150,000,000		
July 1	8	Jan 29/87-Feb 19/87							
		Mar 15/87	H95	600,000,000			600,000,000		600,000,000
Aug 1	7½	Apr 16/87	A2		500,000,000		500,000,000	500,000,000	
Aug 1	9	Aug 11/86-June 1/87							
		Sept 1/87	H88	500,000,000	525,000,000		1,025,000,000	525,000,000	500,000,000
Sept 1	10½	July 12/83-Feb 1/85							
		Feb 19/85	H5	550,000,000			550,000,000		
Oct 1	10½	Aug 15/85-Oct 1/85							
		Oct 23/85	H65	1,100,000,000			1,100,000,000		
Oct 1	12½	Oct 1/80	J49	22,539,000			22,539,000		
Dec 15	10½	Nov 15/85-Oct 15/87	H70	375,000,000	200,000,000		575,000,000	200,000,000	
1991—Feb 1	12½	Feb 1/81	J56	718,974,000			718,974,000		
Mar 1	9½	Dec 15/85-Apr 10/86							
		Feb 1/88	H73	550,000,000	175,000,000		725,000,000	175,000,000	175,000,000
				6,700,935,000	1,400,000,000		8,100,935,000	1,400,000,000	1,275,000,000
Maturing 1991-92									
1991—May 1	9½	Feb 6/86-Mar 15/86							
		Dec 15/87	H75	625,000,000	200,000,000		825,000,000	200,000,000	
May 1	14½	May 1/81	J62	490,857,000			490,857,000		340,000
June 1	11	May 1/85-May 22/85	H57	425,000,000			425,000,000		
July 1	8½	Apr 28/86-May 22/86							
		June 12/86-July 3/86							
		July 24/86	H83	1,700,000,000			1,700,000,000		1,700,000,000
Sept 1	9	July 23/87-Feb 25/88	A7		1,000,000,000		1,000,000,000	1,000,000,000	
Oct 1	18	Oct 15/81	J73	392,685,000			392,685,000		260,411,000
Dec 15	11½	Dec 15/84	H47	225,000,000			225,000,000		
Dec 15	8½	Sept 2/86-Oct 1/86							
		Oct 23/86-Nov 12/86							
		July 1/87	H89	1,600,000,000	250,000,000		1,850,000,000	250,000,000	1,600,000,000
1992—Feb 1	15½	Feb 1/82	J76	1,246,186,000			1,246,186,000		1,095,734,000
Mar 1	8½	Jan 6/87-May 1/87	H94	550,000,000	475,000,000		1,025,000,000	475,000,000	550,000,000
				7,254,728,000	1,925,000,000		9,179,728,000	1,925,000,000	5,206,485,000
Maturing 1992-93									
1992—Apr 1	7½	Mar 12/87	A1	600,000,000			600,000,000		600,000,000
June 1	10½	June 12/85-July 1/85							
		July 23/85-Sept 1/85							
		Sept 24/87-Oct 15/87	H61	750,000,000	850,000,000		1,600,000,000	850,000,000	
June 1	15	June 1/82	J82	200,000,000			200,000,000		
July 1	9½	May 21/87-Aug 13/87							
		Sept 1/87	A4		1,125,000,000		1,125,000,000	1,125,000,000	
July 1	15	July 1/82	J85	393,408,000	5,381,000		398,789,000	5,381,000	393,164,000
Sept 1	5½	Sept 1/66-Dec 15/66							
		Feb 1/67	F6	225,000,000			225,000,000		
Sept 1	14½	Sept 1/82	J88	105,119,000	543,798,000		648,917,000	543,798,000	86,960,000
Oct 15	13½	Oct 15/82	J91	400,000,000			400,000,000		
Nov 15	12½	Nov 1/82	J93	500,000,000			500,000,000		
Dec 15	11½	Aug 22/82-Dec 15/82							
		Aug 1/83-Sept 1/83	J95	2,050,000,000			2,050,000,000		
1993—Feb 1	11½	Feb 1/83-Mar 15/83							
		Apr 27/83-July 12/83	J99	1,850,000,000			1,850,000,000		
				7,073,527,000	2,524,179,000		9,597,706,000	2,524,179,000	1,080,124,000
Maturing 1993-94									
1993—May 1	10½	May 15/83-June 21/83							
		Nov 5/87	H3	1,050,000,000	500,000,000		1,550,000,000	500,000,000	

TABLE 11.2

## MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1987	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	Net increase or decrease ( - )		
							March 31/1988	1988	1987
				\$	\$	\$	\$	\$	\$
	June 1	15%	June 1/81 .....	J65	895,006,000		895,006,000		202,000
	July 1	8%	Feb 18/88-Mar 15/88 .....	A13	1,075,000,000		1,075,000,000	1,075,000,000	
	July 1	14%	July 1/81 .....	J69	445,459,000		445,459,000		21,952,000
	Oct 15	11%	Sept 27/83-Oct 15/83 .....	H8	1,025,000,000		1,025,000,000		
	Dec 15	11½	Feb 1/84 .....	H12					
			Nov 8/83-Dec 15/83 .....	H12	850,000,000		850,000,000		
1994—	Feb 1	8%	Feb 21/84 .....	H93	250,000,000		250,000,000		250,000,000
	Mar 1	8%	Dec 15/86 .....	H96	800,000,000		800,000,000		800,000,000
	Mar 1	12	Jan 29/87-Feb 19/87 .....	H17	700,000,000		700,000,000		
			Mar 15/87 .....		6,015,465,000	1,575,000,000	7,590,465,000	1,575,000,000	1,072,154,000
			Mar 13/84-Apr 10/85 .....						
Maturing 1994-95									
1994—	Apr 1	13	Apr 1/84-May 1/84 .....	H21	1,025,000,000		1,025,000,000		
	May 15	13½	Aug 22/84 .....	H25	1,200,000,000		1,200,000,000		
	June 15	9½	June 1/84-July 11/84 .....	F85	727,545,000		727,545,000		- 36,575,000
	July 15	7%	Aug 1/84 .....	A3	400,000,000		400,000,000	400,000,000	
	July 15	13½	June 15/74-July 1/75 .....	H29	250,000,000		250,000,000		
	Oct 1	9%	Aug 15/75-June 1/76 .....	A6	1,050,000,000		1,050,000,000	1,050,000,000	
	Oct 1	12%	Aug 1/76-Apr 1/77 .....	H39	475,000,000		475,000,000		
	Dec 1	6%	Apr 16/87 .....	F23	125,000		125,000		
	Dec 15	12½	Dec 1/67 .....	H42	900,000,000		900,000,000		
1995—	Feb 1	11½	Oct 1/84-Oct 24/84 .....	H51	375,000,000		375,000,000		
	Feb 1	12%	Feb 1/85 .....	H44	725,000,000		725,000,000		
	Mar 1	10	Nov 14/84-Mar 19/85 .....	A12	450,000,000		450,000,000	450,000,000	
	Mar 1	11½	Jan 5/88 .....	H48	475,000,000		475,000,000		
			Dec 15/84 .....		6,152,670,000	1,900,000,000	8,052,670,000	1,900,000,000	- 36,575,000
Maturing 1995-96									
1995—	Apr 1	11½	Feb 19/85-May 1/85 .....	H54	1,350,000,000		1,350,000,000		
	June 1	10½	May 22/85 .....	H62	1,850,000,000		1,850,000,000		
	Oct 1	6½	June 12/85-July 1/85 .....	F33	100,000,000		100,000,000		
	Oct 1	10	July 23/85-Sept 1/85 .....	F97	690,625,000		690,625,000		- 19,125,000
	Dec 15	10%	Oct 1/68 .....	H67	950,000,000		950,000,000		
			Oct 1/75-Dec 15/75 .....	H76	350,000,000	475,000,000	825,000,000	475,000,000	
1996—	Mar 1	10%	Feb 17/6-Apr 1/76 .....		5,290,625,000	475,000,000	5,765,625,000	475,000,000	- 19,125,000
			Oct 1/85-Oct 23/85 .....						
			Nov 15/85 .....						
			Feb 6/86-Dec 15/87 .....						
Maturing 1996-97									
1996—	May 1	9½	Apr 10/86-June 1/87 .....	H80	475,000,000	1,525,000,000	2,000,000,000	1,525,000,000	475,000,000
	June 1	8%	July 1/87-Mar 31/88 .....	H84	1,975,000,000	200,000,000	2,175,000,000	200,000,000	1,975,000,000
	Sept 15	3	Apr 28/86-May 22/86 .....	P1	55,000,000		55,000,000		
1997—	Mar 1	8%	July 24/86-Oct 1/86 .....	H97	1,125,000,000		1,125,000,000		1,125,000,000
			Dec 15/86-May 1/87 .....		3,630,000,000	1,725,000,000	5,355,000,000	1,725,000,000	3,375,000,000
			Sept 15/36 .....						
			Jan 29/87-Feb 19/87 .....						
			Mar 15/87 .....						
Maturing 1997-98									
1997—	May 15	9½	May 15/77-July 1/77 .....	J9	984,000,000		984,000,000		- 48,000,000
	Oct 1	9%	Sept 1/77-Feb 1/78 .....	A8	1,575,000,000		1,575,000,000	1,575,000,000	
			Aug 13/87-Sept 1/87 .....	T15 <sup>(2)</sup>	197,045,000		197,045,000		
1998—	Mar 15	3%	Nov 15/87-Feb 1/88 .....	A10	250,000,000		250,000,000	250,000,000	
	Mar 15	10%	Sept 15/56 .....		1,181,045,000	1,825,000,000	3,006,045,000	1,825,000,000	- 48,000,000
			Oct 15/87 .....						
Maturing 1999-2000									
1999—	Oct 15	9	Oct 15/77-Dec 15/77 .....	J13	592,750,000		592,750,000		
	Dec 1	13½	Dec 1/80 .....	J53	400,000,000		400,000,000		- 29,000,000
2000—	Mar 15	13%	Mar 31/80-Mar 1/81 .....	J39	1,050,000,000		1,050,000,000		
			Mar 31/81-Oct 15/82 .....		2,042,750,000		2,042,750,000		- 29,000,000

TABLE 11.2

## MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1987	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	Net increase or decrease (–)		
							March 31/1988	1988	1987
				\$	\$	\$	\$	\$	\$
Maturing 2000-01									
2000—July 1	15	July 1/81 .....	J70	175,000,000			175,000,000		
Dec 15	9½	Dec 15/78 .....	J22	537,500,000			537,500,000		
2001—Feb 1	15½	June 1/81-July 31/81 .....	J66	425,000,000			425,000,000		– 12,500,000
				1,137,500,000			1,137,500,000		– 12,500,000
Maturing 2001-02									
2001—May 1	13	May 1/80-Oct 1/80 .....	J42	1,325,000,000			1,325,000,000		
Oct 1	9½	Feb 1/81 .....							
		Oct 1/76-Dec 1/76 .....							
		Apr 1/78-May 15/78 .....							
		July 1/78 .....	J2	1,379,000,000			1,379,000,000		– 32,500,000
2002—Feb 1	8½	Feb 1/77 .....	J7	240,000,000			240,000,000		– 12,000,000
Mar 15	15½	Mar 31/82-May 1/82 .....	J79	350,000,000			350,000,000		
				3,294,000,000			3,294,000,000		– 44,500,000
Maturing 2002-03									
2002—May 1	10	May 1/79-June 1/79 .....	J25	1,850,000,000			1,850,000,000		
Dec 15	11½	July 15/79 .....							
		Dec 15/79-July 1/80 .....							
		May 15/83 .....	J34	1,625,000,000			1,625,000,000		
2003—Feb 1	11½	Feb 1/80-June 1/80 .....							
		Aug 1/80-Feb 1/83 .....							
		Apr 27/83-June 21/83 .....							
		July 12/83 .....	J35	2,700,000,000			2,700,000,000		
				6,175,000,000			6,175,000,000		
Maturing 2003-04									
2003—Oct 1	9½	Aug 15/78-Oct 1/78 .....	J18	751,500,000			751,500,000		– 36,000,000
2004—Feb 1	10½	Feb 1/79-Mar 15/79 .....							
		Mar 21/79-Aug 15/79 ..	J24	2,200,000,000			2,200,000,000		
				2,951,500,000			2,951,500,000		– 36,000,000
Maturing 2004-05									
2004—June 1	13½	Apr 1/84-May 1/84 .....	H22	550,000,000			550,000,000		
Oct 1	10½	Oct 1/79-Dec 15/87 .....	J30	600,000,000	275,000,000		875,000,000	275,000,000	
2005—Mar 1	12	Oct 15/83-Nov 8/83 .....							
		Dec 15/83-Feb 1/84 .....							
		Feb 21/84-Dec 15/84 .....	H9	1,775,000,000			1,775,000,000		
				2,925,000,000	275,000,000		3,200,000,000	275,000,000	
Maturing 2005-06									
2005—Sept 1	12½	Aug 1/83-Sept 1/83 .....							
		Sept 27/83-Apr 10/85 .....	H6	1,375,000,000			1,375,000,000		
2006—Mar 1	12½	Mar 13/84-Nov 14/84 .....							
		Mar 19/85 .....	H18	975,000,000			975,000,000		
				2,350,000,000			2,350,000,000		
Maturing 2006-07									
2006—Oct 1	14	June 1/84-July 11/84 .....	H26	1,025,000,000			1,025,000,000		
		Aug 1/84 .....	H30	325,000,000			325,000,000		
				1,350,000,000			1,350,000,000		
Maturing 2007-08									
2007—Oct 1	13	Aug 22/84-Sept 12/84 ..	H36	700,000,000			700,000,000		
2008—Mar 1	12½	Oct 1/84-Oct 24/84 .....	H41	750,000,000			750,000,000		
				1,450,000,000			1,450,000,000		
Maturing 2008-09									
2008—June 1	10	Dec 15/85-Sept 1/87 .....							
		Feb 1/88 .....	H74	325,000,000	575,000,000		900,000,000	575,000,000	
Oct 1	11½	Feb 1/85-May 1/85 .....	H52	725,000,000			725,000,000		
2009—Mar 1	11½	May 22/85 .....	H58	400,000,000			400,000,000		
				1,450,000,000	575,000,000		2,025,000,000	575,000,000	
Maturing 2009-10									
2009—June 1	11	Oct 1/85-Oct 23/85 .....	H68	625,000,000	300,000,000		925,000,000	300,000,000	
Oct 1	10¾	Oct 15/87 .....							
		June 12/85-July 1/85 .....							
		Sept 1/85 .....	H63	1,000,000,000			1,000,000,000		
2010—Mar 1	9¾	Mar 15/86 .....	H79	325,000,000			325,000,000		
				1,950,000,000	300,000,000		2,250,000,000	300,000,000	
Maturing 2010-11									
2010—June 1	9½	Apr 10/86-July 1/87 .....	H81	325,000,000	325,000,000		650,000,000	325,000,000	325,000,000
Oct 1	8¾	Apr 28/86 .....	H85	325,000,000			325,000,000		325,000,000

**TABLE 11.2**  
**MARKETABLE BONDS—Concluded**

Maturity date	%	Issue date	Series	April 1/1987	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	Net increase or decrease ( - )		
							March 31/1988	1988	1987
				\$	\$	\$	\$	\$	\$
2011—Mar 1	9	July 3/86-Sept 2/86 Oct 23/86-Dec 15/86 May 1/87-Mar 15/88 ....	H87	1,300,000,000	675,000,000		1,975,000,000	675,000,000	1,300,000,000
				1,950,000,000	1,000,000,000		2,950,000,000	1,000,000,000	1,950,000,000
Maturing 2011-12									
2011—June 1	8½	Feb 19/87-Mar 15/87 ....	H98	750,000,000			750,000,000		750,000,000
Accounts without current transactions.....									- 4,443,826,000
Total marketable bonds (Canadian currency).....				94,425,910,000	17,649,179,000	8,176,480,000	103,898,609,000	9,472,699,000	13,359,113,000
Payable in foreign currencies—									
United States dollars—									
		Oct 15/62.....		58,486,400		58,486,400		- 58,486,400	- 6,278,720
(2)	1987—Oct 15	5	June 1/68.....	130,550,000		7,060,000	123,490,000	- 7,060,000	- 9,030,000
	1988—June 1	6½	July 15/85.....	587,475,000		31,770,000	555,705,000	- 31,770,000	- 40,635,000
	1989—July 15	9¼	July 15/85.....	587,475,000		31,770,000	555,705,000	- 31,770,000	- 40,635,000
	1995—July 15	10½	Nov 21/85.....	652,750,000		35,300,000	617,450,000	- 35,300,000	- 45,150,000
	1996—Feb 27	9	Feb 27/86.....	1,305,500,000		70,600,000	1,234,900,000	- 70,600,000	- 90,300,000
(2)	1998—Apr 1	8½	Apr 1/78.....	326,375,000		17,650,000	308,725,000	- 17,650,000	- 22,575,000
(2)	1998—Oct 15	9¼	Oct 15/78.....	456,925,000		24,710,000	432,215,000	- 24,710,000	- 31,605,000
				4,105,536,400		277,346,400	3,828,190,000	- 277,346,400	- 286,208,720
Deutsche marks—									
	1989—Apr 30	8½	Apr 30/82.....	144,360,000	4,560,000		148,920,000	4,560,000	25,280,000
Swiss francs—									
(2)	1989—Mar 20	3%	Mar 20/79.....	217,728,000	10,155,600		227,883,600	10,155,600	29,284,800
	1992—May 10	5¼	May 10/84.....	172,800,000	8,060,000		180,860,000	8,060,000	30,040,000
				390,528,000	18,215,600		408,743,600	18,215,600	59,324,800
Japanese yen—									
(3)	1991—Feb 20	6½	Feb 20/86.....	535,052,073		28,935,026	506,117,047	- 28,935,026	- 94,067,927
(3)	1992—June 25	4%	June 25/87.....		687,040,081		687,040,081	687,040,081	
(3)	1993—July 23	5%	July 23/86.....	692,968,674	51,049,694		744,018,368	51,049,694	692,968,674
				1,228,020,747	738,089,775	28,935,026	1,937,175,496	709,154,749	598,900,747
Account without current transactions .....									- 418,740,000
Total marketable bonds (foreign currencies).....				5,868,445,147	760,865,375	306,281,426	6,323,029,096	454,583,949	- 21,443,173
Total.....				100,294,355,147	18,410,044,375	8,482,761,426	110,221,638,096	9,927,282,949	13,337,669,827

<sup>(1)</sup> Issues and retirements of the marketable bonds payable in foreign currencies include the translation of these currencies to Canadian dollars using closing rates of exchange at March 31.

<sup>(2)</sup> Subject to redemption before maturity.

<sup>(3)</sup> While the terms of the issue remain unaltered from the bondholders' perspective, the Government's Japanese yen liability was converted through a "currency swap" into a floating rate U.S. dollar liability which is based on 6-month London Inter-bank Offered Rate (LIBOR).



## Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;

—not marketable;

—redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;

—not subject to call before maturity; and,

—term to maturity of seven years or more.

Table 11.3 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 11.3

### CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1987	Issues	Retirements	Net increase or decrease ( - )		
							March 31/1988	1988	1987
				\$	\$	\$	\$	\$	\$
1987—Nov 1	10½	1980-81	S35	1,239,786,200		1,239,786,200		- 1,239,786,200	- 59,455,500
1988—Nov 1	10½	1981-82	S36	6,851,778,000		366,946,900	6,484,831,100	- 366,946,900	- 389,842,900
1989—Nov 1	8½-9	1982-83	S37	5,612,837,400		401,017,500	5,211,819,900	- 401,017,500	- 510,280,200
1990—Nov 1	7¾-9	1983-84	S38	5,816,493,100		523,521,900	5,292,971,200	- 523,521,900	- 746,544,500
1991—Nov 1	7¾-9	1984-85	S39	7,017,932,700		838,129,100	6,179,803,600	- 838,129,100	- 1,365,346,200
1992—Nov 1	7¾-9	1985-86	S40	9,178,906,100		1,310,766,700	7,868,139,400	- 1,310,766,700	- 3,145,057,500
1993—Nov 1	7¾-9	1986-87	S41	8,591,910,500		2,956,901,700	5,635,008,800	- 2,956,901,700	8,591,910,500
1994—Nov 1	9	1987-88	S42 <sup>(1)</sup>		17,431,290,209	780,366,400	16,650,923,809	16,650,923,809	
Accounts without current transactions									- 2,310,374,700
Total				44,309,644,000	17,431,290,209	8,417,436,400	53,323,497,809	9,013,853,809	65,009,000

<sup>(1)</sup> S42 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

## Special Non-Marketable Bonds

Special non-marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;

—issued in Canadian currency only;

—term to maturity of 20 years or less;

—interest payable semi-annually; and,

—redeemable at face value plus accrued interest.

Table 11.4 presents a summary of the balances and transactions for these special non-marketable bonds.

TABLE 11.4

## SPECIAL NON-MARKETABLE BONDS

	Net increase or decrease ( - )					
	April 1/1987	Issues	Retirements	March 31/1988	1988	1987
	\$	\$	\$	\$	\$	\$
Canada Pension Plan Investment Fund—						
Matured 1987-88.....	3,814,000		3,814,000		- 3,814,000	
Maturing 1988-89.....	5,607,000			5,607,000		
1989-90.....	4,059,000			4,059,000		
1990-91.....	5,447,000			5,447,000		
1991-92.....	6,540,000			6,540,000		
1992-93.....	7,112,000			7,112,000		
1993-94.....	7,907,000			7,907,000		
1994-95.....	9,087,000			9,087,000		
1995-96.....	10,217,000			10,217,000		
1996-97.....	10,651,000			10,651,000		
1997-98.....	11,351,000			11,351,000		
1998-99.....	12,015,000			12,015,000		
1999-2000.....	17,709,000			17,709,000		
2000-01.....	22,971,000			22,971,000		
2001-02.....	17,622,000			17,622,000		
2002-03.....	17,414,000			17,414,000		
2003-04.....	17,259,000			17,259,000		
2004-05.....	16,661,000			16,661,000		
2005-06.....	239,955,000			239,955,000		
2006-07.....	1,352,282,000			1,352,282,000		1,352,282,000
2007-08.....		699,981,000		699,981,000	699,981,000	
Account without current transactions.....						- 1,792,000
Total.....	1,795,680,000	699,981,000	3,814,000	2,491,847,000	696,167,000	1,350,490,000

## Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1988 consists of \$29,900 million in three-month bills; \$27,200 million in six-month bills; and, \$23,950 million in 364-day bills.

Table 11.5 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 11.5

## TREASURY BILL ISSUES AND REDEMPTIONS

(in millions of dollars)

	Issues				Redemptions				Net change
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	
April, 1987.....	9,650	5,400	2,000	17,050	8,600	4,450	1,000	14,050	3,000
May.....	9,000	4,800	2,500	16,300	12,300	5,550	1,500	19,350	- 3,050
June.....	9,100	4,950	2,500	16,550	9,700	4,500	1,000	15,200	1,350
July.....	11,650	6,450	2,500	20,600	11,650	5,700	1,500	18,850	1,750
August.....	7,800	4,000	2,000	13,800	7,000	5,550	1,000	13,550	250
September.....	9,050	4,750	2,750	16,550	9,100	5,250	1,000	15,350	1,200
October.....	11,750	5,950	5,500	23,200	11,650	6,500	1,500	19,650	3,550
November.....	5,450	2,450	600	8,500	7,800	3,700	4,800	16,300	- 7,800
December.....	9,100	4,450	1,850	15,400	11,200	6,050	1,150	18,400	- 3,000
January, 1988.....	9,800	5,050	2,000	16,850	9,600	5,350	1,700	16,650	200
February.....	8,000	4,000	2,500	14,500	5,450	4,000	1,950	11,400	3,100
March.....	12,100	6,400	2,500	21,000	9,100	5,850	2,500	17,450	3,550
	112,450	58,650	29,200	200,300	113,150	62,450	20,600	196,200	4,100
Balance at April 1, 1987.....									76,950
Balance at March 31, 1988.....									81,050

## Notes and Loans

These accounts record borrowings made under agreements with banks in Canada, United States, Switzerland, Japan and other international banks. They also record the borrowings of Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc) which were directly assumed by the Government of Canada pursuant to Regional Industrial Expansion Vote 7c, Appropriation Act No. 4, 1984-85.

The balances at March 31, 1988 consist of:

- \$1,000,000,000 US (\$1,234,900,000 Cdn) five year loans from international banks;
- \$205,000,000 US (\$253,154,500 Cdn) in notes assumed from Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc);

—300,000,000 SF (\$271,290,000 Cdn) five year loan and 200,000,000 SF (\$180,860,000 Cdn) six year loan, from Swiss banks; and,

—200,000,000,000 Yen (\$1,986,200,000 Cdn) eight year loans, from Japanese banks.

The foreign currency balances were translated into Canadian dollars using the year-end closing rates of exchange at March 31, 1988.

Table 11.6 presents a summary of the balances and transactions for the notes and loans.

TABLE 11.6

### NOTES AND LOANS

Maturity date	%	Issue date	April 1/1987	Issues <sup>(1)</sup>	Retirements <sup>(1)</sup>	March 31/1988	Net increase or decrease (—)	
							1988	1987
			\$	\$	\$	\$	\$	\$
<b>Payable in foreign currencies—</b>								
<b>United States dollars—</b>								
Notes payable to—								
American banks	various	various .....						— 628,110,000
Canadian banks	various	various .....						— 1,605,170,000
(2) Debts assumed from Canadair Financial Corporation Inc	various	various .....	332,902,500		79,748,000	253,154,500	— 79,748,000	— 23,026,500
1987—June 16	14%	June 16/82 ..	979,125,000		979,125,000		— 979,125,000	— 67,725,000
1988—Oct 27	10%	Oct 27/83 ..	652,750,000		35,300,000	617,450,000	— 35,300,000	— 45,150,000
1990—Mar 22	11½	Mar 22/85 ..	652,750,000		35,300,000	617,450,000	— 35,300,000	— 45,150,000
			2,617,527,500		1,129,473,000	1,488,054,500	— 1,129,473,000	— 2,414,331,500
<b>Swiss francs—</b>								
1987—Nov 15	4%	May 15/84 ..	259,200,000		259,200,000		— 259,200,000	45,060,000
1989—May 3	5%	May 3/84 ..	259,200,000	12,090,000		271,290,000	12,090,000	45,060,000
1990—May 15	5%	May 15/84 ..	172,800,000	8,060,000		180,860,000	8,060,000	30,040,000
			691,200,000	20,150,000	259,200,000	452,150,000	— 239,050,000	120,160,000
<b>Japanese yen—</b>								
(2) 1992—July 31	7.9	July 31/84 ..	1,072,680,000	119,040,000		1,191,720,000	119,040,000	129,000,000
(2) 1993—Nov 27	7	Nov 27/85 ..	715,120,000	79,360,000		794,480,000	79,360,000	86,000,000
			1,787,800,000	198,400,000		1,986,200,000	198,400,000	215,000,000
Accounts without current transactions .....								— 745,170,800
<b>Total .....</b>			<b>5,096,527,500</b>	<b>218,550,000</b>	<b>1,388,673,000</b>	<b>3,926,404,500</b>	<b>— 1,170,123,000</b>	<b>— 2,824,342,300</b>

<sup>(1)</sup> Issues and retirements include the translation of foreign currencies to Canadian dollars using closing rates of exchange at March 31.

<sup>(2)</sup> Subject to redemption before maturity.

## Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term U.S. funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;

—transferable; and,

—bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1988.

Table 11.7 presents a monthly summary of Canada bill issues and redemptions.

TABLE 11.7

## CANADA BILL ISSUES AND REDEMPTIONS

	Issues	Redemptions	Net change
	\$	\$	\$
April, 1987 .....	377,811,625	308,005,310	69,806,315
May .....	1,155,473,618	866,185,318	289,288,300
June .....	1,512,511,731	1,240,360,893	272,150,838
July .....	795,694,454	799,341,807	- 3,647,353
August .....	466,942,469	556,138,596	- 89,196,127
September .....	687,106,796	790,878,268	- 103,771,472
October .....	649,941,962	718,202,808	- 68,260,846
November .....	565,233,392	550,198,951	15,034,441
December .....	331,410,408	351,464,741	- 20,054,333
January, 1988 .....	581,265,462	648,947,164	- 67,681,702
February .....	396,858,795	503,312,651	- 106,453,856
March .....	289,740,531	440,681,476	- 150,940,945
Balance at April 1, 1987 .....	7,809,991,243	7,773,717,983	36,273,260
Balance before revaluation .....			1,045,358,237
Exchange valuation adjustment at March 31, 1988 .....			1,081,631,497
Balance at March 31, 1988 .....			- 37,088,862
			1,044,542,635

## SUPPLEMENTARY STATEMENTS

## Interest Rates

Table 11.8 sets out unmatured debt at March 31, for each of the years 1983-84 to 1987-88 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured

debt is classified as to marketable bonds, non-marketable bonds (include Canada savings bonds and the Canada Pension Plan Investment Fund), Treasury bills, notes and loans, and Canada bills.

TABLE 11.8

## UNMATURED DEBT AS AT MARCH 31, FROM 1984 TO 1988, WITH THE AVERAGE RATE OF INTEREST THEREON

	Non-marketable bonds													
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills		Total unmatured debt	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1988 .....	110,222	10.62	53,323	9.18	2,492	9.98	81,050	8.57	3,926	8.73	1,045	6.77	252,058	9.61
1987 .....	100,294	10.90	44,309	8.35	1,796	10.00	76,950	7.87	5,097	9.82	1,045	5.81	229,491	9.34
1986 .....	86,957	11.44	44,245	10.12	445	11.08	61,950	10.13	7,920	9.14			201,517	10.66
1985 .....	71,373	11.76	41,960	11.25	205	10.81	52,300	10.89	7,059	9.86			172,897	11.31
1984 .....	58,994	11.55	38,204	9.85	189	10.59	41,700	9.94	3,039	10.43			142,126	10.59

Where various rates of interest are applicable, the interest rate in effect at March 31 is used.



Table 11.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1983-84 to 1987-88 inclusively.

TABLE 11.9

## TREASURY BILLS AVERAGE YIELDS AT TENDER

Year ended	High	Low	Last issue
March 31	%	%	%
Three-month bills—			
1988 .....	9.58	6.90	8.53
1987 .....	9.89	6.80	6.80
1986 .....	11.85	8.52	10.19
1985 .....	13.01	9.41	10.40
1984 .....	10.53	9.02	10.53
Six-month bills—			
1988 .....	10.53	7.17	8.81
1987 .....	9.67	6.94	6.94
1986 .....	11.59	8.75	10.19
1985 .....	13.81	9.49	10.71
1984 .....	11.20	8.88	11.00
Other bills—			
1988 .....	11.10	7.38	9.02
1987 .....	9.66	7.13	7.19
1986 .....	10.96	8.38	9.89
1985 .....	14.25	9.79	11.63
1984 .....	11.67	8.91	11.67

## Maturity of Government Debt

Table 11.10 presents total unmatured debt arranged in order of maturity.

TABLE 11.10

## MATURITY OF GOVERNMENT DEBT

Maturity	Marketable bonds		Canada savings bonds		Treasury bills		Notes and loans		Canada bills		Total	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	\$ (millions)	%	\$ (millions)	%	\$ (millions)	%	\$ (millions)	%	\$ (millions)	%	\$ (millions)	%
1989 .....	5,651	9.19	6,485	10.50	81,050	8.57	617	10.88	1,045	6.77	94,848	8.74
1990 .....	10,729	10.76	5,212	9.00			1,105	10.25			17,046	10.19
1991 .....	8,607	10.09	5,293	9.00			181	5.13			14,081	9.62
1992 .....	9,867	10.15	6,180	9.00							16,047	9.71
1993 .....	9,779	11.11	7,867	9.00			1,229	7.92			18,875	10.02
1994/98 .....	32,922	10.38	22,286	9.00			794	7.00			56,002	9.78
1999/2003 .....	13,390	11.41									13,390	11.41
2004/08 .....	11,302	11.87									11,302	11.87
2009/12 .....	7,975	9.95									7,975	9.95
	110,222	10.62	53,323	9.18	81,050	8.57	3,926	8.73	1,045	6.77	249,566	9.60
Less: Gov- ernment's own holdings .....	163	9.26	1,086	9.00							1,249	9.03
	110,059	10.62	52,237	9.19	81,050	8.57	3,926	8.73	1,045	6.77	248,317	9.61

Note: this table includes unmatured debt issued by the Government of Canada. Borrowings of agent Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 11.11.

## Statement of all Borrowing Transactions on behalf of Her Majesty

Table 11.11 presents the information required by Section 40 of the Financial Administration Act. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent Crown corporations which are reported as such on the Government's Statement of Assets and Liabilities, except where the Government is the lender. Borrowings by non-agent Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

TABLE 11.11

### STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY (in millions of dollars)

	April 1/1987	Issues/ Borrowings	Retirements	March 31/1988
Unmatured debt of the Government of Canada <sup>(1)</sup> .....	226,815	242,012	220,510	248,317
Borrowings of Crown corporations designated as agents of Her Majesty <sup>(2)</sup> .....	15,767	61,808	62,742	14,833
Total .....	242,582	303,820	283,252	263,150

<sup>(1)</sup> Details can be found in this section.

<sup>(2)</sup> Details can be found in Section 7 (Table 7.7) of this volume.



# SECTION 12

1987-88  
PUBLIC ACCOUNTS

## Other Information Related to the Financial Statements

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## OTHER ACCOUNTS REPORTED ON THE STATEMENT OF ASSETS AND LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities, which are not included elsewhere in this volume. These accounts are:

- cash in transit;
- cash;
- fixed assets; and,
- accumulated deficit.

### Cash in Transit

Table 12.1 presents a summary of the balances and transactions for cash in transit.

TABLE 12.1

#### CASH IN TRANSIT

	April 1/1987	Credits	Charges	March 31/1988	Net increase or decrease (–)	
	\$	\$	\$	\$	1988	1987
Cash in hands of collectors and in transit .....	1,379,192,187	1,379,192,187	2,275,050,007	2,275,050,007	895,857,820	– 217,120,916
Moneys received after March 31 but applicable to the current year .....	89,172,972	89,172,972	47,103,041	47,103,041	– 42,069,931	– 6,970,991
Total .....	1,468,365,159	1,468,365,159	2,322,153,048	2,322,153,048	853,787,889	– 224,091,907

#### Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

#### Moneys received after March 31 but applicable to the current year

Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes refunds of old year expenditure received prior to the closing of the accounts, and receipts to be credited to asset, liability, and (in exceptional cases) revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

### Cash

The Government's cash account represents public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 12.2 presents a summary of the balances and related transactions in current and special Receiver General deposits.

The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, West German marks, and Japanese yen.

TABLE 12.2

#### CASH

	April 1/1987	Receipts	Disbursements	March 31/1988	Net increase or decrease (–)	
	\$	\$	\$	\$	1988	1987
Receiver General—						
Current deposits—						
Canadian currency.....	4,478,596,531	414,577,992,935	417,675,695,538	1,380,893,928	– 3,097,702,603	– 87,285,394
Foreign currencies .....	122,115,545	3,741,702,676	3,727,627,267	136,190,954	14,075,409	– 32,018,141
Special deposits .....	17,201,980	5,487,435,799	5,488,434,139	16,203,640	– 998,340	– 7,056,032
Total .....	4,617,914,056	423,807,131,410	426,891,756,944	1,533,288,522	– 3,084,625,534	– 126,359,567

**Receiver General current deposits**

The monthly balances of Canadian and foreign currency deposits for the last five years are presented in the following tables:

**TABLE 12.3****CASH IN CANADIAN CURRENCY DEPOSITS**  
(in millions of dollars)

At end of month of	Year ended March 31				
	1988	1987	1986	1985	1984
April .....	7,268	3,491	3,268	3,611	5,483
May .....	4,046	4,874	3,989	3,648	6,997
June .....	615	2,951	2,747	2,716	4,787
July .....	3,101	3,190	2,437	2,710	4,737
August .....	1,814	2,474	3,634	1,664	3,191
September .....	2,532	1,658	4,527	2,334	2,699
October .....	5,624	5,104	6,449	2,796	3,643
November .....	7,154	2,141	10,566	5,291	8,522
December .....	2,942	3,343	5,599	3,325	7,300
January .....	2,829	3,123	3,953	4,001	6,892
February .....	2,654	4,075	4,993	5,691	6,460
March .....	1,381	4,479	4,566	5,779	6,329

**TABLE 12.4****CASH IN FOREIGN CURRENCY DEPOSITS**  
(translated into Canadian dollars)  
(in millions of dollars)

At end of month of	Year ended March 31				
	1988	1987	1986	1985	1984
April .....	74	73	30	50	16
May .....	81	82	29	34	29
June .....	111	71	37	33	35
July .....	106	83	44	46	31
August .....	83	83	72	44	42
September .....	72	63	72	36	44
October .....	70	57	43	15	42
November .....	79	81	36	27	44
December .....	87	105	90	41	35
January .....	107	79	84	34	22
February .....	78	73	86	24	15
March .....	136	122	154	49	54

**Receiver General special deposits**

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

**Fixed Assets**

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, from which benefits are expected to be derived during their useful lives.

The fixed assets of the Government, which include land, engineering structures and works (such as canals, harbours and roads), buildings, and machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction, in accordance with the accounting policies of the Government of Canada which are described in Note 1 to the audited financial statements (Section 2 of this volume). Their existence, however, is acknowledged on the Statement of Assets and Liabilities by reporting them at the nominal value of \$1.

**Accumulated Deficit**

The accumulated deficit is the account recording the net sum of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account. The accumulated deficit is also equal to the excess of recorded liabilities over total financial assets.

A Statement of Revenue and Expenditure and Accumulated Deficit is published in Section 2 of this volume.

A five year comparative statement of the accumulated deficit, in terms of total liabilities and total financial assets, is presented as follows:

**TABLE 12.5****STATEMENT OF ACCUMULATED DEFICIT IN TERMS OF TOTAL LIABILITIES AND TOTAL FINANCIAL ASSETS**  
(in millions of dollars)

As at March 31	Total liabilities	Less: total financial assets	Accumulated deficit	
			Amount	Increase or decrease ( - )
1988 .....	333,521	41,337	292,184	28,083
1987 .....	302,744	38,643	264,101	30,605
1986 .....	269,286	35,790	233,496	34,404
1985 .....	237,112	38,020	199,092	38,324
1984 .....	199,497	38,729	160,768	32,399

## OTHER INFORMATION

## Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories: fixed assets, purchases, operating leases and capital leases.

All contractual commitments of \$100 million or more per project are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

## Fixed assets, purchases and operating leases

Table 12.6 provides details of contractual commitments that involve fixed assets and purchases. Operating leases are not reported as there are no leases that are in excess of the \$100 million limit. It discloses individual contractual commitments by category and by envelope. Contractual commitments are summarized in Note 16 to the audited financial statements in Section 2 of this volume.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto and including military equipment, from which benefits are expected to be derived during their useful life and including land.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not transfer substantially all the benefits and risks incident to ownership of property.

TABLE 12.6

**FIXED ASSETS AND PURCHASES**  
**AS AT MARCH 31, 1988**  
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitment to be disbursed by March 31					
					1989	1990	1991	1992	1993	1994/98
Fixed assets—										
Defence envelope—										
Heavy Logistics Military Vehicle .....	392	233	35	198	7	134	57			
Tribal Class Update and Modernization Program—Warships .....	1,607	1,018	543	475	119	193	75	50	38	
CF18 Fighter Aircrafts ..	4,907	4,775	4,613	162	67	40	55			
Low Level Air Defence—Anti-aircraft guns and surface-to-air missiles .....	770	770	100	670	100	290	230	50		
Canadian Patrol Frigate Program—Warships....	9,737	6,819	2,467	4,352	810	930	742	549	427	894
North American Air Defence Modernization—Land, buildings and communications equipment .....	669	554	211	343	84	62	68	70	59	
Economic and regional development envelope—										
Radar Automation Modernization Program .....	592	592	310	282	107	98	45	25	7	
Total .....	18,674	14,761	8,279	6,482	1,294	1,747	1,272	744	531	894
Purchases—										
Defence envelope—										
Ammunition .....	1,009	1,009	758	251	190	50	10	1		
Total .....	19,683	15,770	9,037	6,733	1,484	1,797	1,282	745	531	894

## Capital Leases

Table 12.7 provides details of commitments under capital lease arrangements which are summarized in Note 16 to the audited financial statements in Section 2 of this volume. A capital lease is a lease that, from the point of view of the

Government, transfers substantially all the benefits and risks incident to ownership of the asset to the Government. Table 12.8 presents commitments under capital lease arrangements in order of maturity.

TABLE 12.7

## COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS

(in thousands of dollars)

Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	Total estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Balances at March 31, 1988			Net commit- ments under capital lease arrange- ments
						Total estimated remaining mini- mum lease payments	Less: imputed interest, using the implicit interest rate	Less: executory costs	
Communications									
Cyber computer .....	Feb 1, 1986	4	1,458	1,906	10.5	1,031	148		883
Indian Affairs and Northern Development									
Hewlett Packard computers .....	July 1, 1986	4.75	5,597	7,057	8.5	4,687	661		4,026
Public Works									
Charlottetown, DVA Building .....	Apr 1, 1984	35	15,600	78,365	14.2 <sup>(2)</sup>	69,409	53,898		15,511
Guy Favreau Building, Montreal .....	Dec 1, 1983	35	87,600	422,950	12.7 <sup>(2)</sup>	374,296	287,380		86,916
240 Sparks St, CD Howe Building .....	Jan 1, 1979	35	63,703	213,500	9.1 <sup>(2)</sup>	157,075	97,159		59,916
L'Esplanade Laurier, Ottawa .....	July 1, 1975	35	60,374	222,715	9.4 <sup>(2)</sup>	148,140	91,908		56,232
Place du Centre, Hull .....	Dec 1, 1977	30	26,201	96,600	11.2 <sup>(2)</sup>	65,393	41,027		24,366
Terrasses de la Chaudière, Hull .....	July 1, 1977	35	146,084	564,230	9.7 <sup>(2)</sup>	407,516	267,427		140,089
Cornwall, Government of Canada Building (GOCB) .....	Dec 1, 1984	35	9,600	49,420	14.6 <sup>(2)</sup>	44,713	35,171		9,542
Scarborough (GOCB) .....	Dec 1, 1984	35	38,900	191,965	13.2 <sup>(2)</sup>	174,636	135,829		38,807
Chatham (GOCB) .....	June 1, 1985	35	4,940	20,783	11.8 <sup>(2)</sup>	19,101	14,208		4,893
Place Vincent Massey, Hull .....	Aug 1, 1986	25	23,439	78,627	12.8	73,375	49,709		23,666
Canada Place, Edmonton .....	Oct 1, 1988 <sup>(3)</sup>	35	105,000						
			581,441 <sup>(1)</sup>	1,939,155		1,533,654	1,073,716		459,938
Regional Industrial Expansion									
Mini computers .....	Jan 1, 1986	4.9	1,583	2,063	7.3	4,364	344	3,187	833
Total .....			590,079	1,950,181		1,543,736	1,074,869	3,187	465,680

(1) Estimated fair value.

(2) Lessors'/Lessees' financing rate per lease agreement is subject to change over term of lease.

(3) The contract was signed by Public Works Canada (PWC) on November 25, 1985, however, the anticipated inception date is October 1, 1988 when it is expected that the building will be officially turned over to PWC. At that point, the implicit interest rate, the annual lease payments, the imputed interest and the net commitment will be determined.



TABLE 12.8

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY  
(in thousands of dollars)

Department and agency	Payments due in											Total
	1989	1990	1991	1992	1993	1994 to 1998	1999 to 2003	2004 to 2008	2009 to 2013	2014 to 2018	2019 to 2023	
Communications												
Remaining payments .....	403	628										1,031
Imputed interest .....	98	50										148
Net commitments .....	305	578										883
Indian Affairs and Northern Development												
Remaining payments .....	1,739	1,739	1,209									4,687
Imputed interest .....	342	224	95									661
Net commitments .....	1,397	1,515	1,114									4,026
Public Works												
Remaining payments .....	53,364	53,364	53,364	53,364	53,364	266,819	266,819	282,287	280,975	107,934	62,000	1,533,654
Imputed interest .....	50,410	50,107	49,775	49,412	49,006	237,327	218,597	184,102	121,806	56,252	6,922	1,073,716
Net commitments .....	2,954	3,257	3,589	3,952	4,358	29,492	48,222	98,185	159,169	51,682	55,078	459,938
Regional Industrial Expansion												
Remaining payments .....	1,417	1,760	1,187									4,364
Imputed interest .....	98	127	119									344
Executory costs .....	1,016	1,331	840									3,187
Net commitments .....	303	302	228									833
Summary												
Remaining payments .....	56,923	57,491	55,760	53,364	53,364	266,819	266,819	282,287	280,975	107,934	62,000	1,543,736
Imputed interest .....	50,948	50,508	49,989	49,412	49,006	237,327	218,597	184,102	121,806	56,252	6,922	1,074,869
Executory costs .....	1,016	1,331	840									3,187
Net commitments .....	4,959	5,652	4,931	3,952	4,358	29,492	48,222	98,185	159,169	51,682	55,078	465,680

## Insurance Programs of Agent Crown Corporations

At present, three Crown corporations operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc, are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis but in recent years, two of the Crown corporations have required loans or other funding from the Government to meet obligations.

Information presented in Table 12.9 has not been audited since the three corporations have financial years other than March 31, 1988. Financial statements of these corporations may be found in Volume III of the Public Accounts.

In Table 12.9, a minus "-" sign preceding the amount reported indicates a fund deficit, an expense recovery or adjustment, or a decrease or loss during the year.

TABLE 12.9

### SUMMARY OF INSURANCE PROGRAMS OF AGENT CROWN CORPORATIONS

AS AT MARCH 31, 1988

(in millions of dollars)

	Canada Deposit Insurance Corporation <sup>(1)</sup>		Canada Mortgage and Housing Corporation <sup>(2)</sup>						Export Development Corporation <sup>(3)</sup>	
			Mortgage Insurance Fund		Home Improvement Loan Fund		Rental Guarantee Fund			
	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88	1986-87
Insurance in force as at reporting date .....	211,755	200,277	42,800	40,299	1	1	N/A	N/A	3,160	2,643
Opening balance of Fund .....	-1,269	-1,259	-418	-472	1	1	11	11	34	32
Revenue for the year—										
Premiums .....	199	217	127	114					19	16
Investment income .....	4	3	30	17						
Other revenue .....		5								
Total revenue .....	203	225	157	131	(4)	(4)	(4)	(4)	19	16
Expenses for the year—										
Loss on claims .....	-35	145	-69	41					10	8
Interest on loans .....	95	82								
Administrative .....	10	8	69	36					5	6
Total expenses .....	70	235		77			(4)	(4)	15	14
Net income/loss (-) for the year .....	133	-10	157	54					4	2
Closing balance of Fund .....	-1,136	-1,269	-261	-418	1	1	11	11	38	34
Net claims during the year <sup>(5)</sup> ..	144	107	-58	-26	(4)	(4)			-3	2
Five year average of net claims paid .....	167	197	68	67	(4)	(4)			3	6

N/A—Not applicable.

<sup>(1)</sup> The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded in part by loans from the Government of \$1,334 million at March 31, 1988 (\$1,203 million at March 31, 1987). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no reason to believe that this will not be the case, no provision has been made in the Government's accounts for the losses experienced by CDIC.

<sup>(2)</sup> Canada Mortgage and Housing Corporation (CMHC) administers three funds of which only the Mortgage Insurance Fund (MIF) is active. The MIF provides insurance, for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. Although the balance of the Fund is currently inadequate to meet future claims in respect to business in force, an actuarial study of the MIF in 1985 indicated that business undertaken since February 1985 is being written on a break-even basis. The actuarial deficiency (\$251.7 million as of September 30, 1987) will be reflected in the Government's accounts only to the extent that additional funding of the deficiency from parliamentary appropriations may be required. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program. In return for the payment of a premium, CMHC will reimburse homeowners 75% of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the program is not widely utilized and insurance in force at March 31, 1988 amounted to only \$911,000 (\$919,000 at March 31, 1987). Since premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the Program are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, summary operating particulars of this Program are not included in Table 12.9.

<sup>(3)</sup> The Export Development Corporation (EDC) provides export and foreign investment insurance to Canadian business to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for any future claims based on previous claims experience.

<sup>(4)</sup> Less than \$500,000.

<sup>(5)</sup> Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

## Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

The Government of Canada as an accounting entity is defined as all the departments named in Schedule A of the Financial Administration Act; any division or branch of the Public Service of Canada, including a commission appointed under the Inquiries Act, designated by the Governor in Council as a department for purposes of the Financial Administration Act; the staffs of the Senate, the House of Commons, and the Library of Parliament; and, any corporation named in Schedule B of the Financial Administration Act. Corporations listed in Parts I and II of Schedule C of the Financial Administration Act, and those Crown corporations that are not subject to the Financial Administration Act, are excluded from this definition. Information regarding contingent liabilities of Crown corporations can be found in Table 7.10—"Contingent Liabilities of Crown Corporations", while details of their borrowings can be found in Tables 7.7 and 7.8—"Borrowings by Agent Crown Corporations" and "Borrowings by Crown Corporations" respectively. Some Crown corporations also operate insurance programs. Information regarding

these insurance programs can be found in Table 12.9 of this section.

The contingent liabilities of the Government comprise explicit guarantees by the Government, which include borrowings by other than Crown corporations, both from agent Crown corporations and from other than agents. Such explicit guarantees consist of guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total in the following table. This table is also summarized in Note 18 to the audited financial statements of the Government in Section 2 of this volume.

The authorized limits indicated in the table below, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

TABLE 12.10

### STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1988

	Authorized limit (where applicable)	Contingent liability	Percentage of net claims to outstanding guarantees (where applicable) <sup>(1)</sup>
	\$	\$	%
<b>EXPLICIT GUARANTEES BY THE GOVERNMENT OF—</b>			
Borrowings by other than Crown corporations—			
From agents—			
Loans to Indians by the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, for on-reserve housing.....	575,000,000	74,624,855 <sup>(2)</sup>	2.2
From other than agents <sup>(3)</sup> —			
Guarantee programs of the Government—			
Canada Student Loans Act.....	4,898,675,182	2,435,078,488	2.4
Small Businesses Loans Act.....	806,697,746 <sup>(4)</sup>	535,240,351	6.4
Farm Improvement Loans Act.....	343,557,695 <sup>(4)</sup>	127,632,451	0.6
Advance Payments for Crops Act.....	400,000,000	102,421,147	0.1
Atlantic Enterprise Program.....	<sup>(5)</sup>	37,504,217	
Enterprise development program and Canadian Industrial Renewal Board.....	1,133,739,600	13,901,563 <sup>(6)</sup>	19.0
Fisheries Improvement Loans Act.....	31,713,389 <sup>(4)</sup>	8,981,347	19.1
Regional Development Incentives Act.....	22,621,000	5,459,008	20.6
Financial obligations incurred by air carriers regarding purchase of The de Havilland Aircraft of Canada, Limited DHC-7 and DHC-8 aircraft.....	933,725,000 <sup>(7)</sup>	341,582,073 <sup>(7)</sup>	1.6
Loans to Indians by approved lenders for on-reserve housing.....	<sup>(8)</sup>	278,433,753 <sup>(2)</sup>	0.4
Loans to foreign borrowers for goods or services purchased from Canadian exporters.....	4,000,000 <sup>(9)</sup>	4,000,000	
Indian economic development.....	34,278,273 <sup>(10)</sup>	3,273,333 <sup>(2)</sup>	25.0
Loans to promote the commercial activities of Eskimos.....	5,000,000	1,060,424	
	8,614,007,385	3,894,568,155	
Other explicit loan guarantees—			
Loans to construct coal handling and terminal facilities by Ridley Terminals Inc.....	230,000,000	203,038,797	
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader.....	275,000,000	174,625,555	
Loans to Marine Industries Limited for acquisition of assets.....	40,000,000	40,000,000	
Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie, Ontario.....	15,000,000	10,525,000	
Loans for the restructuring of Malslin Industries Ltd.....	10,496,650 <sup>(7)</sup>	10,496,650 <sup>(7)(11)</sup>	
Loan to Nardex Canada Ltée for the manufacture of radio-protection and radio-telecommunication systems.....	403,750	403,750	
Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd.....	360,000	209,093	
	571,260,400	439,298,845	



TABLE 12.10

STATEMENT OF CONTINGENT LIABILITIES  
AS AT MARCH 31, 1988—*Concluded*

	Authorized limit (where applicable)	Contingent liability	Percentage of net claims to outstanding guarantees (where applicable) <sup>(1)</sup>
	\$	\$	%
Insurance programs of the Government—			
Insurance against accidents at nuclear installations under the Nuclear Liability Act <sup>(12)</sup>	675,000,000	641,068,858	
Insurance under the Fishing Vessel Insurance Plan <sup>(13)</sup>	18,092,487	453,056,000	
Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees	7,000,000,000 <sup>(14)</sup> 7,693,092,487	302,000,000 1,396,124,858	
Other explicit guarantees—			
Guarantees under the Prairie Grain Advance Payments Act	257,780,846	257,780,846	(15)
Guarantees under the Agriculture Products Co-operative Marketing Act	26,262,782	26,262,782	(15)
Guarantees of residual liabilities resulting from the devolution of Northern Canada Power Commission	1,500,000 603,825 <sup>(7)(16)</sup>	1,397,405 603,825 <sup>(7)</sup>	
Guarantee against damage or loss that may be occasioned by a leased aircraft	286,147,453	286,044,838	
Total explicit guarantees	17,739,508,225	6,090,661,571	
PENDING AND THREATENED LITIGATION		2,534,063,511 <sup>(7)(17)</sup>	
Total <sup>(18)</sup>		8,624,725,082	

<sup>(1)</sup> Represents the average percentage over the most recent 5 years of net claims to the average amount of outstanding guarantees for the same period computed as at March 31, 1988. In some situations where historical data is not readily available, departmental estimates have been used.

<sup>(2)</sup> Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$49,061,735; for Indian economic development, \$678,631. As at March 31, 1988, no loans had been issued for these amounts.

<sup>(3)</sup> Letters of comfort have been issued by the Minister of Finance to the Bank of Canada with respect to funds advanced or guarantees provided by the Bank of Canada to the Bank for International Settlements (BIS). The letters pertain to BIS standby credit facilities in favour of the International Monetary Fund (IMF). The Government's potential liability and actual exposure on behalf of the IMF at March 31, 1988 amounted to 56.9 million Special Drawing Rights (\$78,900,000 US).

<sup>(4)</sup> The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee per lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies depending upon the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

<sup>(5)</sup> An authorized limit has yet to be determined.

<sup>(6)</sup> Includes \$399,548 attributable to the Canadian Industrial Renewal Board and \$3,121,309 to the Atlantic Enterprise Program for projects undertaken in the province of Quebec.

<sup>(7)</sup> Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of statement.

<sup>(8)</sup> Authorized limit for loan guarantees for on-reserve housing totals \$575,000,000 (shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.

<sup>(9)</sup> The Export Development Act (EDA) authorizes the Export Development Corporation (EDC) to make various loans and commitments to foreign borrowers on behalf of the Government of Canada to a maximum limit of \$6 billion net of repayments. Included within this limit are outstanding loans made by other lenders who have recourse against EDC in the event of default by the borrower. Accordingly, the authorized limit for lenders with recourse in loans receivable will equate to the actual amount of contingent liability reported in accordance with the requirements of the EDA.

<sup>(10)</sup> The maximum aggregate amount that may be, or may have been paid from the Consolidated Revenue Fund (CRF) in previous, current or subsequent years with respect to all guarantees authorized and granted relative to Indian economic development, is set at \$60 million. As at March 31, 1988, a total of \$25,721,727 has been expended from the CRF leaving a balance of \$34,278,273 available for disbursement.

<sup>(11)</sup> Mails Industries Ltd was placed in receivership on July 11, 1983 and was declared bankrupt on October 19, 1983. To date, the Government has made interim payments totalling \$18,500,000 US to creditors under a guarantee in the amount of \$27,000,000 US. It is anticipated that the Government will be called upon to make a final payment to settle remaining obligations to creditors when certain issues are settled in US Bankruptcy Court, but the amount cannot be determined at present with any certainty.

<sup>(12)</sup> There have been no claims under the Nuclear Liability Act since its inception in 1970. The Act covers 14 Canadian nuclear installations as at March 31, 1988.

<sup>(13)</sup> The Fishing Vessel Insurance Plan is administered by the Government to assist fishermen to meet abnormal capital losses. A specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances to the fund by the Government, such advances not to exceed \$150,000 at any time. The fund is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1988, the insured value of vessels under the Plan amounted to \$453,056,000; the balance of the fund was \$17,942,487 and outstanding claims against the fund totalled \$1,100,000.

<sup>(14)</sup> The Export Development Act specifies that EDC may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$7 billion, the authorized limit.

<sup>(15)</sup> Less than 0.1%.

<sup>(16)</sup> The Defence Production Act authorizes the Minister of the Department of Supply and Services to purchase or otherwise acquire defence supplies to the extent of \$100 million in excess of receipts credited to the Defence Production Revolving Fund unless otherwise authorized by Parliament. Accordingly, the authorized limit of this item will equal the actual amount of contingent liability reported in accordance with total commitments authorized under the Defence Production Act up to the total approved limit.

<sup>(17)</sup> Includes \$1.6 billion related to native statutory and treaty obligations representing plaintiffs' claims in 54 litigation cases. There are another 89 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable.

<sup>(18)</sup> Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Three departments reported contingent gains as at March 31, 1988 totalling approximately \$7 million.





# SECTION 13

1987-88  
PUBLIC ACCOUNTS

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